

# *Economic Development in the 21<sup>st</sup> Century*



## *FY 2001 Congressional Request*



Where Technology Deployment & Economic Development Converge

**Department of Commerce**  
**Economic Development Administration**  
**BUDGET ESTIMATES, FISCAL YEAR 2001**  
**CONGRESSIONAL SUBMISSION**  
**Table of Contents**

<b><u>Exhibits</u></b>	<b><u>Page</u></b> <b><u>Number</u></b>
2 Organization Chart .....	EDA-1
3 Executive Summary .....	EDA-3
3a Goals and objectives and performance measures .....	EDA-11
18 Activity/Subactivity Change Crosswalk .....	EDA-13
<b>Appropriation Account Material:</b>	
<b>Economic Development Assistance Programs</b>	
5 Summary of resource requirements .....	EDA-17
7 Summary of financing .....	EDA-21
10 Program and performance: Community and Regional Economic Enhancement .....	EDA-22
12 Justification of program and performance: Community and Regional Economic Enhancement .....	EDA-23
13 Increase/Decrease changes in 2001 .....	EDA-32
10 Program and performance: E-Commerce. ....	EDA-35
12 Justification of program and performance: E-Commerce. ....	EDA-36
13 Increase changes in 2001 .....	EDA-38
10 Program and performance: Community Economic Adjustment .....	EDA-41
12 Justification of program and performance: Community Economic Adjustment .....	EDA-42
13 Increase changes in 2001 .....	EDA-45
10 Program and performance: Mississippi Delta .....	EDA-47
12 Justification of program and performance: Mississippi Delta .....	EDA-48
13 Increase changes in 2001 .....	EDA-51
10 Program and performance: National Program Analysis and Information Consolidation .....	EDA-52
12 Justification of program and performance: National Program Analysis and Information Consolidation .....	EDA-53
10 Program and performance: Native American Economic Development Assistance .....	EDA-55
12 Justification of program and performance: Native American Economic Development Assistance .....	EDA-56
13 Increase changes in 2001 .....	EDA-61

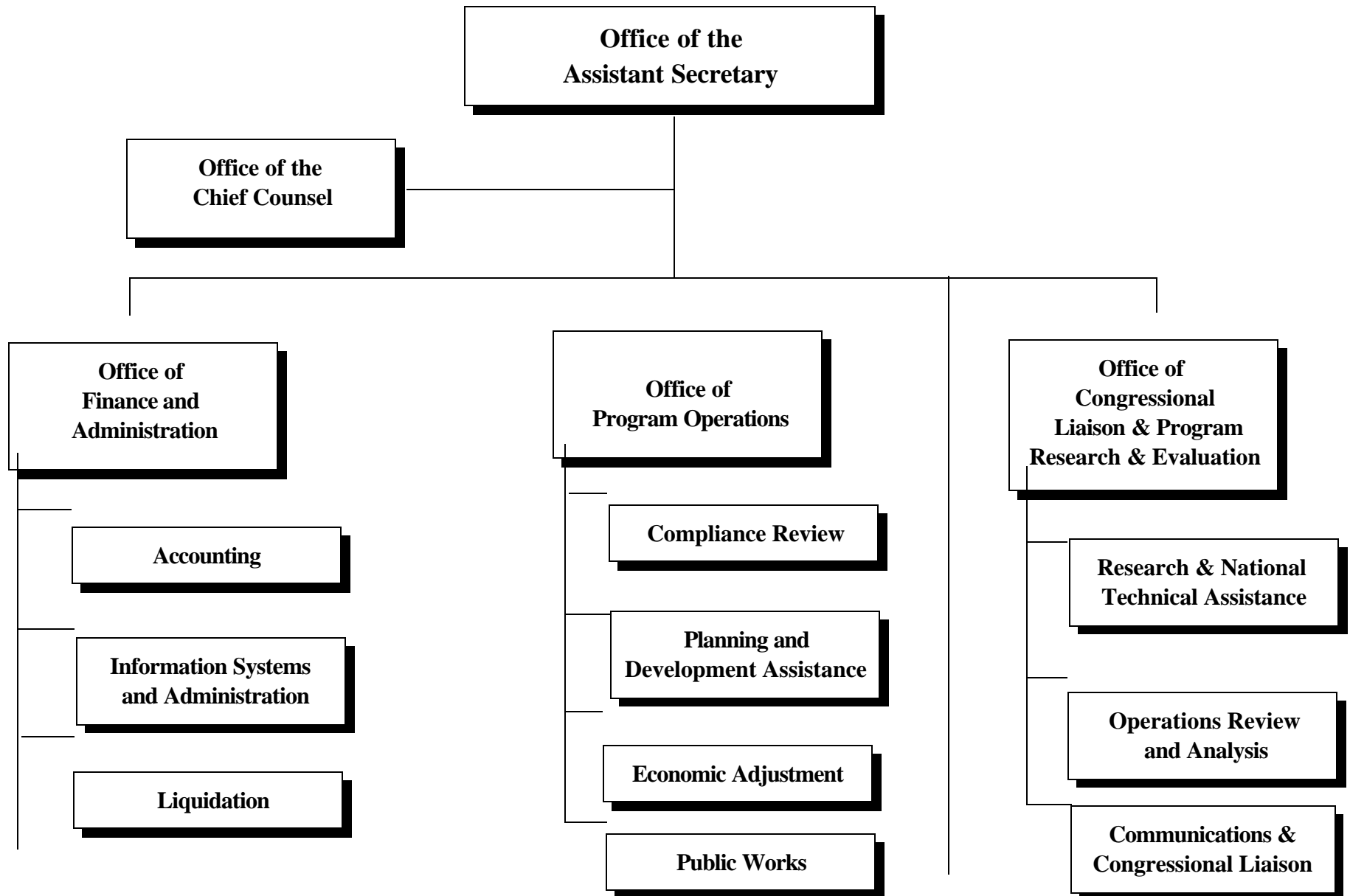
## Table of Contents (Cont.)

16	Summary of requirements by object class . . . . .	EDA-63
31	Appropriation Summary Statement . . . . .	EDA-64
33	Appropriation Language and Code Citations . . . . .	EDA-66

### Salaries and Expenses

5	Summary of resource requirements . . . . .	EDA-69
7	Summary of financing . . . . .	EDA-70
8	Summary of adjustments to base and built-in changes . . . . .	EDA-71
9	Justification of adjustments to base and built-in changes . . . . .	EDA-73
12	Justification of program and performance: Executive Direction . . . . .	EDA-78
12	Justification of program and performance: Office of Finance and Administration . . . . .	EDA-79
12	Justification of program and performance: Office of Program Operations . . . . .	EDA-81
12	Justification of program and performance: Office of Congressional Liaison & Program Research & Evaluation . . . . .	EDA-83
12	Justification of program and performance: Regional Operations . . . . .	EDA-84
16	Summary of requirements by object class . . . . .	EDA-85
17	Detailed requirements by object class . . . . .	EDA-87
31	Appropriation Summary Statement . . . . .	EDA-90
33	Appropriation Language and Code Citations . . . . .	EDA-91
36	Average grade and salaries . . . . .	EDA-92

**U.S. Department of Commerce  
Economic Development Administration**



**Budget**

[THIS PAGE INTENTIONALLY LEFT BLANK]



**Department of Commerce  
Economic Development Administration  
Budget Estimates, Fiscal Year 2001**

**EXECUTIVE SUMMARY**

**Economic Development for the 21st Century**

The Economic Development Administration (EDA) has been working for thirty-five years to generate jobs, help retain existing jobs, and stimulate industrial and commercial growth in economically-distressed areas of the United States. EDA assistance is available to rural and urban areas of the Nation experiencing high unemployment, low income, or other severe economic distress.

In fulfilling its mission, EDA is guided by the basic principle that distressed communities must be empowered to develop and implement their own economic development and revitalization strategies. Based on these locally - and regionally - developed priorities, EDA works in partnership with state and local governments, regional economic development districts, public and private nonprofit organizations, and Indian tribes. EDA's overriding objective is to "create a climate conducive to the development of private enterprise in America's distressed communities."

Since 1965, EDA has funded more than 43,000 projects, investing over \$17 billion in more than 8,000 communities. It is estimated that EDA assistance has helped create 4,340,000 jobs, and leveraged more than \$130 billion in private-sector investment. The current unprecedented period of technology-based economic growth provides the Nation with the financial and technical resources needed to deal with its remaining economic development challenges. For FY 2001, EDA proposes new program initiatives to make better use of modern technologies to meet the needs of America's most distressed communities. Since these communities contain significantly underutilized human and capital resources, they offer the Nation an opportunity for continued non-inflationary growth while faster growing areas of the country begin to face resource constraints.

Through a series of changes that have heightened customer satisfaction and improved program delivery, EDA has become an efficient, well-managed and customer-focused agency that adeptly serves the Nation's distressed communities. EDA was created by the Public Works and Economic Development Act of 1965, and reauthorized for five years by the Economic Development Administration Reform Act of 1998, Public Law 105-393, signed by President Clinton on November 13, 1998.

As the United States prepares to enter the 21<sup>st</sup> Century in the midst of an unprecedented period of economic growth and prosperity, not all the Nation's citizens are fully participating in that expansion. Large portions of the country lag behind economically, technologically and in quality of life areas. Because these problems remain, the Administration and Department have undertaken new initiatives to help lagging areas of the Nation share our general prosperity: initiatives like New Markets, Livable Communities, and efforts to address the growing disparity in local technology capacity (the Digital Divide). From its creation, EDA's primary mission has been to bring economic opportunity to the Nation's distressed communities. The Agency's broad array of tools allow it to work in partnership with distressed communities to develop comprehensive strategies for local economic development under our planning programs, test and refine the elements of those strategies using our technical assistance authorities, and implement the strategies using infrastructure, capital access, and trade adjustment grants. The fact that economic development is an inherently local process and EDA's programs are based on locally-developed strategies has enabled the Agency to be flexible, responsive and innovative as the nature and scope of economic development challenges have evolved over the Agency's 35 year history.

As we seek to help America's distressed communities enter into the economic mainstream in this era of general prosperity, EDA proposes a number of program initiatives to help address particular areas of concern. For FY 2001, we propose to address the "Digital Divide" through an E-Commerce Initiative, to meet the needs of one of the Nation's most distressed populations through a Native American Economic Development Assistance Program, to mitigate the challenges of rapidly changing trade patterns and their uneven impact on local communities through the Community Economic Adjustment Initiative, to provide comprehensive support for economic development efforts in the highly distressed lower Mississippi Delta region and to develop economic adjustment strategies in direct response to the Northeastern states fisheries disaster. Because of the unprecedented period of economic expansion we currently enjoy, there has never been a better time to address these issues, many of them of long-term duration, in order to ensure that large segments of our Nation don't end up being forever excluded from full participation in our economy.

EDA has the necessary tools and experience to meet the changing needs and challenges of America's communities while supporting major Department of Commerce and Administration initiatives. Its history of stimulating innovations in the field of economic development includes establishing a Nation-wide network of locally based regional economic development districts (EDDs) in the 1960s; Revolving Loan Funds (RLFs); business incubators and trade adjustment assistance for firms in the 1970s; defense adjustment in the 1980s and 1990s and long-term post disaster economic recovery, eco-industrial development, developing secondary markets for economic development loans and brownfields redevelopment in the 1990s. For over thirty years, EDA has demonstrated the ability to design and implement effective and coordinated multi-faceted strategies to help communities meet the challenges of substantial and persistent economic deterioration as well as significant near-term economic dislocations brought about by sudden and severe changes in local economic conditions. This same flexibility will propel EDA into the 21<sup>st</sup> Century as a leading innovator in efforts to support the "New Markets" initiative, address the digital-divide and support the Livable Communities Initiative.

While the main emphasis is on long-range economic development, EDA's program is based upon a combination of flexible and proven economic development tools that help communities and businesses achieve their competitive economic potential through the strategic investment of resources. Those investments help build local capacity to enable state and local economic development practitioners understand and address economic development challenges and opportunities of an area's economy and provide a source of capital to help fund modern and innovative economic infrastructure projects that are needed to move a community forward.

America's communities span the range from high-technology users and generators to technology-deprived pockets of poverty. All communities want to participate in the growing use of technology and increasing global trade, but their level of competitive readiness varies. Different types of economic development assistance are required for communities that differ in readiness. EDA is the agency most experienced in addressing wide ranges of capacity building needs of America's communities. We match our investments with the "State of the Market" while helping communities to move towards the "State of the Art."

An emerging, changing global marketplace, the acceleration of technological innovation, the constant restructuring of firms and industries, the demand for smart growth, livable communities and sustainable economic development requires that the Nation's work-force, businesses and communities be more flexible, entrepreneurial and innovative. As we move into the 21<sup>st</sup> Century, communities are looking for new and innovative ways to spur economic development, EDA will support those efforts.

Through EDA's highly flexible programmatic tools, the Department of Commerce's domestic mission can become an integral and vital component of the Federal effort to help businesses and communities promote job creation and retention, economic growth, and sustainable development while improving the living standards of all Americans. EDA's established relationships with state and local governments, economic development districts, Native American organizations, business, universities, community based organizations and workers provides a solid foundation for building the new partnerships that will be needed in the future for promoting and supporting America's competitiveness in the global marketplace.

Technology-led development and effective engagement in global trade markets are the foundations for American economic competitiveness in the 21<sup>st</sup> Century. The Manufacturing Institute and Partners for Livable Communities stresses in its report, "Creating the Globally Competitive Community," that America can be the most



competitive Nation in an increasingly global economy only if its localities, regions and states are competitive in their own right. EDA is the agency that can work with communities to enhance their readiness to compete in the global economy.

EDA's investments in technology and trade development have resulted in:

- C Local partnerships and institutional capacity to support technology commercialization;
- C Incubators, industry clusters, technology business centers, business councils, trade and technology alliances, skills training centers, technology industrial parks, specialized capital funds, bio-technology centers, and eco-industrial parks;
- C Implementation projects in technology transfer and commercialization, university-provided business assistance, trade promotion consortia, and telecommunications deployment;
- C “Turnaround” assistance to businesses impacted by trade, making them more productive and competitive (under the Trade Act of 1974); and,
- C Community capacity building to compete in the 21<sup>st</sup> Century.

While technology-led economic development holds great promise for many communities, according to the EDA funded study, “Assessment of Technology Infrastructure in Native Communities (June 1999),” one segment of the Nation’s population — the American Indians and Alaskan Native Villages — must first increase their basic physical infrastructure (e.g., roads and utilities), skills training (i.e., workforce development), and planning capacity to fully participate in the “New Economy.” The study, which highlights the deplorable state of technology infrastructure in Native Communities as well as the economic competitiveness ramifications, also notes that efforts to address disparities in economic performance between Native and non-Native Communities must be realistic in terms of what the basic needs and existing capacities are, multi-faceted in approach, and account for unique geographic, demographic, economic and cultural factors.

In FY 2001, EDA will continue to restructure its grants process and management operations to better respond to the needs of communities. EDA has also focused its research and evaluation efforts on developing information and learning to boost economic development innovation at the local level. This new focus supports an agenda for helping all of America’s communities adopt technology- and trade-led economic development strategies.

Recently completed studies funded under EDA’s Research & National Technical Assistance Program have pointed to the effectiveness of EDA's investments and local partnership network in promoting economic development. Among these:

- The Corporation for Enterprise Development report, *Strategic Planning for Economic Development*, completed in 1999, contains valuable recommendations for moving beyond the Overall Economic Development Program.
- The University of North Carolina study, *Out-Migration, Population Decline, and Regional Economic Distress*, completed in 1998, contains useful insights into the causes and consequences of these population changes, even in the absence of the traditional unemployment and poverty distress indicators.
- New Mexico State University’s *Assessment of Technology Infrastructure in Native Communities*, completed in 1999, surveyed the current state of Native technology infrastructure, identified barriers to the development of such infrastructure, and made suggestions for overcoming those barriers.

- The Commonwealth Development Associates, Inc., *Defense Adjustment Infrastructure Bonds*, completed in 1998, showed how EDA grants could help defense impacted communities access affordable, investment-grade capital to immediately invest in economic adjustment infrastructure.
- The Joseph Cortright and Andrew Reamer *Socioeconomic Data for Understanding Your Regional Economy: A User's Guide*, completed in 1998, provides economic development practitioners with a practical guide to economic data for regional analysis.
- The Rutgers University *Microenterprise as an Economic Adjustment Strategy*, completed in 1998, documented how microenterprise development can contribute to long-term economic adjustment.

To enhance the effectiveness and impact of EDA's programs, and to further the departmental goal of integration and sustainable economic development, we have worked aggressively to create and strengthen partnerships both within Commerce and among other Federal agencies. EDA's partners include:

- National Oceanic and Atmospheric Administration (NOAA) - sustainable economic development coastal development and disaster mitigation;
- Federal Emergency Management Agency (FEMA) - disaster mitigation and recovery;
- Department of Defense/Office of Economic Adjustment (OEA) - community defense adjustment and community economic adjustment planning;
- Department of Energy (DOE) - community defense adjustment;
- Environmental Protection Agency (EPA) - brownfields redevelopment and air/water quality enhancement;
- Appalachian Regional Commission (ARC) - community economic development in the 13 state ARC service area;
- Department of Agriculture (USDA) - joint local economic development projects;
- United States Army Corp of Engineers (USACE) - post-disaster economic recovery projects;
- Department of Labor (DOL) - community defense and trade adjustment;
- Department of the Treasury/North American Development Bank - community capital access and trade adjustment;
- Council on Environmental Quality and the Department of Interior - economic revitalization of our Nation's rivers through the American Heritage Rivers Initiative;
- White house Task Force on Livable Communities - promoting sustainable economic development through conferences, program prioritization, and policy discussions; and,
- Council on Environmental Quality - development of Federal policy on urban sprawl, smart growth, livable communities and regionalization.

## FY 2001 SUMMARY OF APPROPRIATION REQUESTS

For FY 2001, EDA is requesting \$27.688 million for "Salaries and Expenses." For the "Economic Development Assistance Programs" (EDAP) or grant account, EDA is requesting \$409.250 million. The differences between the FY 2001 Request and the FY 2000 appropriation are outlined below.

### **SALARIES AND EXPENSES (S&E)**

The FY 2001 request of \$27.688 million represents an increase of \$1.188 million above the FY 2000 appropriation.

### **ECONOMIC DEVELOPMENT ASSISTANCE PROGRAMS (EDAP)**

For FY 2001, EDA is requesting a budget of \$409.250 million, which represents a \$48.7 million increase from the FY 2000 EDAP adjusted appropriation of \$360.550 million. EDA traditional programs will continue to focus on projects that develop a distressed community's capacity to successfully address local economic challenges, catalyze private sector investments that create private sector jobs and foster positive, long-term economic change. As noted below, EDA will also undertake a number of new initiatives to address the continuing economic development needs of Native American communities, the Delta region, areas on the wrong side of the "digital-divide" and communities impacted by changing trade patterns.

Consistent with the Administration's efforts to close the infrastructure gap in the Nation's Native American communities, in FY 2001 EDA is requesting an increase of \$22.5 million that will be merged with \$26.7 million of EDAP's base funding to establish a \$49.2 million **Native American Economic Development Assistance** Program to fund various types of economic development projects, using all of the EDA program tools including technology based projects. The following program distribution is proposed: Planning and Technical Assistance at \$5.2 million, Public Works at \$39 million and \$5 million for Economic Adjustment.

In support of the Departmental and Administration **E-Commerce Initiative**, EDA is requesting \$23 million in Public Works funding which will be used to expedite the deployment of advanced, i.e. broadband internet access that will tie together computing power around the world and support expanded telecommunications through high-speed communications infrastructure in areas of high distress.

Today's global economy also is subject to unpredictable and dramatic changes which can and do have significant impacts upon domestic market sectors, such as agriculture, steel, textiles, oil, gas, and other manufacturing sectors. These impacts have resulted in decreased sales, reduced commercial and tax revenues, layoffs, bankruptcies and plant closures, leaving many workers, companies and communities in an extremely precarious economic position. In keeping with the Commerce strategic plan, EDA proposes funding for the office of **Community Economic Adjustment** with \$10 million of base Economic Adjustment funding to utilize the Department of Defense Office of Economic Adjustment approach to assist communities and companies that must rebuild their economic base to adjust to changing trade patterns and effectively compete in an increasingly global economy.

EDA will use \$10 million of base Economic Adjustment funding to partner with other Federal entities to assist under-served communities in the Lower Mississippi Delta Region as part of the Administration's renewed commitment to ensuring that these communities can keep pace economically and technologically with the rest of the country.

Within the Community and Regional Economic Enhancement initiative, additional funds are requested for Northeastern states to implement economic strategies for fisheries assistance (\$3.2 million in Public Works funds) and to strengthen EDA's regular Economic Adjustment Program. Decreases to this initiative will not hinder EDA

program effectiveness or delivery. Instead, the strategic targeting of resources will enable EDA to focus on the Nation's neediest communities. The Defense Economic Adjustment program was reduced by \$45.85 million which reflects the current activity level of base reuse activities following the past four rounds of base closures (1988, 1991, 1993 & 1995).

In traditional budget categories, the differences between the FY 2001 request and the FY 2000 appropriation are listed below.

Increases include:

- C \$1.3 million for Planning from \$24 million to \$25.3 million
- C \$1.2 million for Technical Assistance from \$9.1 million to \$10.3 million
- C \$45.371 million for Economic Adjustment from \$34.629 million to \$80 million
- C \$46.679 million for Public Works from \$204.521 million to \$251.2 million

The requested decrease of \$45.85 million to Defense Economic Adjustment is consistent with the continued phase down of defense adjustment activity, particularly base closures. The most recent BRAC round decisions occurred in 1995 and all BRAC actions are scheduled to be implemented by 2001. The amount requested for defense adjustment assistance will be sufficient to continue support for those communities still struggling to adjust their post-closure economies. Consistent with the findings of the EDA study "*Defense Adjustment Infrastructure Bonds: Credit Enhancement Grants Make Affordable Capital Available*," EDA is also pursuing creative financing approaches to enable the limited Defense conversion funds to support larger infrastructure investments.

### **FY 2001 PERFORMANCE PROJECTIONS**

EDA programs support Department of Commerce strategic goals to expand economic growth, trade and prosperity; to stimulate innovation for American competitiveness; and to advance sustainable economic development. EDA program goals and performance measures are shown in Exhibit 3 (a). Performance targets for *long-term* outcome measures, *interim* measures and *process* measures are shown in Exhibit 12, by goal and program activity.

EDA programs assist local, State and regional efforts to plan and implement comprehensive economic development strategies in economically-distressed communities. EDA funds projects to address problems of substantial unemployment, low per capita income, or other special need as authorized by PWEDA. Long-term program objectives are to stabilize local economies, stimulate permanent employment and private-sector investment, and improve income levels in economically distressed areas.

#### **Long-term Outcome Measures**

Like other *long-term* investments, EDA grant awards are expected to generate results that increase over time. Recent evaluations show that EDA public works and revolving loan fund projects generate significant results within three years of grant approval, and that these results typically double over the next six years (i.e., within nine years of grant award). Based on these results, EDA develops performance projections and requires grantees to report on long-term outcome measures at three, six and nine years following grant approval.

FY 2001 grant awards for public works and revolving loan fund projects are expected to create or retain 59,016 direct permanent jobs and to leverage \$1.988 billion in private-sector investment within nine years. Performance toward these long-term outcomes will be reported in fiscal years 2004, 2007 and 2010.

### **Interim and Process Measures**

To address the reporting lag for long-term outcome measures, EDA has established a set of interim and process measures (or indicators) that can be reported annually. These measures are used by program managers on a regular basis to set targets and track performance in critical areas that affect long-term program outcomes (e.g, targeting investment to areas of highest distress and improving the quality and efficiency of EDA assistance).

### **Validation and Verification**

Performance projections for *direct permanent jobs* and *private dollars invested* are based on quantifiable program evaluations conducted by Rutgers University, et al. These include: the *Public Works Program Performance Evaluation* (May 1997) and the *Defense Adjustment Program Performance Evaluation* (November 1997). To test performance projections, provide training and improve reporting, EDA conducts pilot reviews of past investments. In FY 1999, EDA conducted a pilot review of 58 construction projects completed in FY 1993 and 42 revolving loan fund projects approved in FY 1993. This included in-depth analyses of outcomes reported as a result of 102 projects that were similar in most ways, including age, to projects evaluated earlier by Rutgers. Preliminary findings are consistent with two prior evaluations for direct job creation and retention, and they continue to show significant private-sector investment resulting from EDA program investments. Final results will be reported in the FY 1999 Annual Performance Report.

### **Program Evaluation:**

To complement its performance measurement system, EDA conducts systematic program evaluations. Findings are used by program managers to improve program performance and to develop and refine performance measures and targets for long-term outcome measures. EDA's goal is to evaluate programs on a regular basis (i.e., every five years). EDA-sponsored evaluations include:

- Public Works Program Performance Evaluation (Rutgers et al., 1997)
- Defense Adjustment Program Performance Evaluation (Rutgers et al. 1997)
- Overall Economic Development Program Evaluation (Corporation for Enterprise Development et al., 1998)
- Performance Measures for EDA Planning Program (Applied Development Economics, 1998)
- Trade Adjustment Assistance Program (Urban Institute, 1998)
- Evaluation of Effective Practices in Indian Economic Development (National Congress of American Indians, 1999)
- Assessment of Technology Infrastructure Needs of Native Americans (New Mexico State University, 1999)

EDA continues to make significant investments in program evaluation and research to improve program performance. Studies now underway or planned for FY 2000 and FY 2001 include:

- Revolving Loan Fund Program Evaluation (Rutgers et al.)
- Evaluation of EDA's University Center Program (Mt. Auburn Associates)

- Evaluation of EDA's Technical Assistance Program
- Assessment of Technology Needs of Distressed Communities
- Evaluation of EDA's Planning Program

During FY 1999 EDA developed plans to evaluate grantee performance consistent with new statutory requirements for Economic Development Districts and University Centers in EDA's reauthorizing legislation. EDA implemented the new system at the beginning of FY 2000. Interim and process measures have been established for capacity building programs (e.g., targeting technical assistance and strategy grants to areas of highest distress; more efficient processing of trade certifications).

Systematic program evaluations allow EDA to establish long-term outcome measures based on research findings. Periodic performance reviews, such as the Pilot Review conducted in FY 1999, are used to assess the validity of EDA's long-term performance projections, to test reporting procedures and provide training to EDA staff and grantees, and to verify performance data.

**Department of Commerce  
Economic Development Administration  
Strategic Plan  
Summary of Goals, Objectives and Performance Measures**

EDA strategic goals support the following Department of Commerce strategic goals: expand economic growth, trade and prosperity; stimulate innovation for American competitiveness; and advance sustainable economic development. Supporting program activities and performance measures are shown for each goal below:

<b>Goal One: Create jobs and private enterprise in economically distressed communities</b>	<b>Goal Two: Build community capacity to achieve and sustain economic growth</b>
<p><b>Program Activities:</b> Public Works and Capital Access (construction and revolving loan fund projects)</p> <p><b>Objectives:</b> To establish, retain or expand commercial, industrial, and high technology enterprises that will stimulate private sector job creation for unemployed and underemployed residents.</p> <p>To build, rebuild, and expand vital public infrastructure that supports industries that can improve employment opportunities and local capacity of economic growth.</p> <p>To overcome specific gaps in local capital markets and encourage greater private sector investment in distressed areas.</p>	<p><b>Program Activities:</b> Planning, Technical Assistance and Research (local, regional and national programs; includes EDDs, UCs, and TAACs)</p> <p><b>Objectives:</b> To build local capacity for long-term economic development planning and investment activities in distressed areas.</p> <p>To encourage partnerships for local, state and regional economic development initiatives and growth strategies.</p> <p>To provide new knowledge, analysis and technical information which serve to both assess economic development problems and to mobilize non-Federal resources for their solution.</p> <p>To provide technical assistance to communities and firms to improve their capacity to compete in global markets and keep pace with rapid changes in technology and trade patterns.</p>

<b>Goal One: Create jobs and private enterprise in economically distressed communities</b>	<b>Goal Two: Build community capacity to achieve and sustain economic growth</b>
<p><b>Long Term Outcome Measures:</b></p> <p>Permanent jobs created or retained</p> <p>Private dollars invested</p>	<p><b>Long Term Outcome Measures:</b></p> <p>Percent of sub-state jurisdiction members actively participating in the Economic Development District Program</p> <p>Percent of Economic Development District and Indian Tribe grantees whose Comprehensive Economic Development Strategies are on time and acceptable.</p> <p>Percent of clients satisfied with technical assistance provided by EDA- funded University Centers and Trade Adjustment Assistance Centers.</p> <p>Number of national technical assistance, evaluation, training and research results published or presented nationally each year.</p>
<p><b>Interim &amp; Process Measures:</b></p> <p>State and local matching funds committed</p> <p>Percent of grants to areas of highest distress</p> <p>Reduced application processing times</p>	<p><b>Interim &amp; Process Measures:</b></p> <p>Percent of local technical assistance and economic adjustment strategy grants awarded in areas of highest distress.</p> <p>Reduced certification times for trade adjustment assistance.</p>



**Economic Development Administration**  
**Economic Development Assistance Programs**  
**Activity/Subactivity Change Crosswalk**  
**FY 2000/2001 Structure**  
**(Dollars in thousands)**

FY 2000								
PROGRAM STRUCTURE	PUBLIC WORKS	PLANNING	TECHNICAL ASSISTANCE	RESEARCH & EVALUATION	TRADE ADJ. ASSIST	ECONOMIC ADJUSTMENT	DEFENSE ECON. ADJUST	TOTAL
<b>COMMUN &amp; REGIONAL ECONOMIC ENHANCEMENT</b>	<b>204,521</b>	<b>24,000</b>	<b>8,000</b>	<b>0</b>	<b>10,500</b>	<b>34,629</b>	<b>77,300</b>	<b>358,950</b>
PLANNING	0	24,000	0	0	0	8,348	3,401	35,749
TECHNICAL ASSISTANCE	0	0	8,000	0	10,500	4,437	4,638	27,575
PUBLIC WORKS/INFRASTRUCTURE	204,521	0	0	0	0	13,625	67,560	285,706
CAPITAL ACCESS	0	0	0	0	0	8,219	1,701	9,920
<b>NATL PROG. ANALYSIS &amp; INFO CONSOLIDATION</b>	<b>0</b>	<b>0</b>	<b>1,100</b>	<b>500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,600</b>
TECHNICAL ASSISTANCE & RESEARCH	0	0	1,100	500	0	0	0	1,600
<b>TOTAL FY 2000</b>	<b>204,521</b>	<b>24,000</b>	<b>9,100</b>	<b>500</b>	<b>10,500</b>	<b>34,629</b>	<b>77,300</b>	<b>360,550</b>

FY 2001 PROGRAM INCREASES/DECREASES								
PROGRAM STRUCTURE	PUBLIC WORKS	PLANNING	TECHNICAL ASSISTANCE	RESEARCH & EVALUATION	TRADE ADJ. ASSIST	ECONOMIC ADJUSTMENT	DEFENSE ECON. ADJUST	TOTAL
<b>COMMUN &amp; REGIONAL ECONOMIC ENHANCEMENT</b>	<b>(20,321)</b>	<b>(2,700)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25,371</b>	<b>(45,850)</b>	<b>(43,500)</b>
PLANNING	0	(2,700)	0	0	0	652	(2,401)	(4,449)
TECHNICAL ASSISTANCE	0	0	0	0	0	4,563	(2,638)	1,925
PUBLIC WORKS/INFRASTRUCTURE	(20,321)	0	0	0	0	14,875	(40,110)	(45,556)
CAPITAL ACCESS	0	0	0	0	0	5,281	(701)	4,580
<b>E-COMMERCE</b>	<b>23,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,000</b>
PUBLIC WORKS/INFRASTRUCTURE	23,000	0	0	0	0	0	0	23,000
<b>COMMUNITY ECONOMIC ADJUSTMENT</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,000</b>	<b>0</b>	<b>10,000</b>
PLANNING	0	0	0	0	0	3,000	0	3,000
TECHNICAL ASSISTANCE	0	0	0	0	0	2,000	0	2,000
PUBLIC WORKS/INFRASTRUCTURE	0	0	0	0	0	3,000	0	3,000
CAPITAL ACCESS	0	0	0	0	0	2,000	0	2,000
<b>NATIVE AMERICAN ECONOMIC DEVELOPMENT ASSISTANCE</b>	<b>39,000</b>	<b>4,000</b>	<b>1,200</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>49,200</b>
PLANNING	0	4,000	0	0	0	0	0	4,000
TECHNICAL ASSISTANCE	0	0	1,200	0	0	0	0	1,200
PUBLIC WORKS/INFRASTRUCTURE	39,000	0	0	0	0	0	0	39,000
CAPITAL ACCESS	0	0	0	0	0	5,000	0	5,000
<b>MISSISSIPPI DELTA</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>10,000</b>
TECHNICAL ASSISTANCE	0	0	0	0	0	1,000	0	1,000
PUBLIC WORKS/INFRASTRUCTURE	5,000	0	0	0	0	2,000	0	7,000
CAPITAL ACCESS	0	0	0	0	0	2,000	0	2,000
<b>TOTAL FY 2001 PROGRAM INCREASES</b>	<b>46,679</b>	<b>1,300</b>	<b>1,200</b>	<b>0</b>	<b>0</b>	<b>45,371</b>	<b>(45,850)</b>	<b>48,700</b>

FY 2001								
PROGRAM STRUCTURE	PUBLIC WORKS	PLANNING	TECHNICAL ASSISTANCE	RESEARCH & EVALUATION	TRADE ADJ. ASSIST	ECONOMIC ADJUSTMENT	DEFENSE ECON. ADJUST	TOTAL
<b>COMMUN &amp; REGIONAL ECONOMIC ENHANCEMENT</b>	<b>184,200</b>	<b>21,300</b>	<b>8,000</b>	<b>0</b>	<b>10,500</b>	<b>60,000</b>	<b>31,450</b>	<b>315,450</b>
PLANNING	0	21,300	0	0	0	9,000	1,000	31,300
TECHNICAL ASSISTANCE	0	0	8,000	0	10,500	9,000	2,000	29,500
PUBLIC WORKS/INFRASTRUCTURE	184,200	0	0	0	0	28,500	27,450	240,150
CAPITAL ACCESS	0	0	0	0	0	13,500	1,000	14,500
<b>E-COMMERCE</b>	<b>23,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,000</b>
PUBLIC WORKS/INFRASTRUCTURE	23,000	0	0	0	0	0	0	23,000
<b>COMMUNITY ECONOMIC ADJUSTMENT</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,000</b>	<b>0</b>	<b>10,000</b>
PLANNING	0	0	0	0	0	3,000		3,000
TECHNICAL ASSISTANCE	0	0	0	0	0	2,000	0	2,000
PUBLIC WORKS/INFRASTRUCTURE	0	0	0	0	0	3,000	0	3,000
CAPITAL ACCESS	0	0	0	0	0	2,000	0	2,000
<b>NATL PROG. ANALYSIS &amp; INFO CONSOLIDATION</b>	<b>0</b>	<b>0</b>	<b>1,100</b>	<b>500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,600</b>
TECHNICAL ASSISTANCE & RESEARCH	0	0	1,100	500	0	0	0	1,600
<b>NATIVE AMERICAN ECONOMIC DEVELOPMENT ASSISTANCE</b>	<b>39,000</b>	<b>4,000</b>	<b>1,200</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>49,200</b>
PLANNING	0	4,000	0	0	0	0	0	4,000
TECHNICAL ASSISTANCE	0		1,200		0	0	0	1,200
PUBLIC WORKS/INFRASTRUCTURE	39,000	0	0	0	0	0	0	39,000
CAPITAL ACCESS	0	0	0	0	0	5,000	0	5,000
<b>MISSISSIPPI DELTA</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>10,000</b>
TECHNICAL ASSISTANCE	0	0	0	0	0	1,000	0	1,000
PUBLIC WORKS/INFRASTRUCTURE	5,000	0	0	0	0	2,000	0	7,000
CAPITAL ACCESS	0	0	0	0	0	2,000	0	2,000
<b>TOTAL FY 2001</b>	<b>251,200</b>	<b>25,300</b>	<b>10,300</b>	<b>500</b>	<b>10,500</b>	<b>80,000</b>	<b>31,450</b>	<b>409,250</b>

**DEPARTMENT OF COMMERCE**  
**Economic Development Administration**  
**Economic Development Assistance Programs**  
**SUMMARY OF RESOURCE REQUIREMENTS**  
(Dollar amounts in thousands)

<u>Page No.:</u>		<u>FTE</u>	<u>BUDGET AUTHORITY</u>	<u>DIRECT OBLIGATIONS</u>
	<b>Appropriation Available, FY 2000</b> .....	0	360,550	379,146
	Less: Obligation from prior year. ....	<u>0</u>	<u>0</u>	<u>(18,596)</u>
	<b>2001 Base Request.</b> .....	0	360,550	360,550
	Plus 2001 program changes .....	<u>0</u>	<u>48,700</u>	<u>48,700</u>
	<b>2001 Estimate.</b> .....	0	409,250	409,250

	COMPARISON BY ACTIVITY		1999 Actual	2000 Currently Available	2001 Base	2001 Estimate	Increase/ (Decrease)
			Amount	Amount	Amount	Amount	Amount
EDA-22	Community and Regional Economic Enhancement <sup>1</sup>	BA	\$366,778	\$358,950	\$358,950	\$315,450	(\$43,500)
		Obl.	366,470	358,950	0	0	0
	Planning	BA	36,079	35,749	35,749	31,300	(4,449)
		Obl.	37,406	35,749			0
	Technical Assistance	BA	27,024	27,575	27,575	29,500	1,925
		Obl.	30,643	27,575			0
	Public Works/Infrastructure	BA	293,590	285,706	285,706	240,150	(45,556)
		Obl.	292,486	285,706			0
	Capital Access <sup>2</sup>	BA	10,085	9,920	9,920	14,500	4,580
		Obl.	5,935	9,920			0

<sup>1</sup>Include funding for Disaster Mitigation and Economic Recovery

<sup>2</sup>Includes Revolving Loan Funds

	COMPARISON BY ACTIVITY		1999 Actual	2000 Currently Available	2001 Base	2001 Estimate	Increase/ (Decrease)
EDA-35	E-Commerce	BA	\$0	\$0	\$0	\$23,000	\$23,000
		Obl.	0	0			0
	Public Works/Infrastructure	BA	0	0	0	23,000	23,000
		Obl.	0	0			0
EDA-41	Community Economic Adjustment	BA	0	0	0	10,000	10,000
		Obl.	0	0			0
	Planning	BA	0	0	0	3,000	3,000
		Ob.	0	0	0		
	Technical Assistance	BA	0	0	0	2,000	2,000
		Obl.	0	0			0
	Public Works/Infrastructure	BA	0	0	0	3,000	3,000
		Obl.	0	0			0
	Capital Access <sup>2</sup>	BA	0	0	0	2,000	2,000
		Obl.	0	0			0
EDA-47	Mississippi Delta	BA	0	0	0	10,000	10,000
		Obl.	0	0	0		
	Technical Assistance	BA	0	0	0	1,000	1,000
		Obl.	0	0			
	Public Works/Infrastructure	BA	0	0	0	7,000	7,000
		Obl.	0	0			
	Capital Access <sup>2</sup>	BA	0	0	0	2,000	2,000
		Obl.	0	0			

<sup>2</sup> Includes Revolving Loan Funds

	COMPARISON BY ACTIVITY		1999 Actual	2000 Currently Available	2001 Base	2001 Estimate	Increase/ (Decrease)
EDA-52	National Program Analysis and Information Consolidation	BA	1,601	1,600	1,600	1,600	0
		Obl.	1,909	1,600	0		0
	Technical Assistance and Research	BA	1,601	1,600	1,600	1,600	0
		Obl.	1,909	1,600			0
EDA-55	Native American Economic Development Assistance	BA	0	0	0	49,200	49,200
		Obl.	0	0	0		0
	Planning	BA	0	0	0	4,000	4,000
		Obl.	0	0			0
	Technical Assistance	BA	0	0	0	1,200	1,200
		Obl.	0	0			0
	Public Works/Infrastructure	BA	0	0	0	39,000	39,000
		Obl.	0	0			0
	Capital Access	BA	0	0	0	5,000	5,000
		Obl.	0	0			0
	1997 Upper Midwest Floods/1996 Floods/Tri-State Floods	BA	0	0	0	0	0
		Obl.	12,249	1,271			0
	Hurricane Andrew/Fran and Hortense	BA	0	0	0	0	0
		Obl.	2,284	816			0
	Defense Adjust/S. California Earthquake/Northeast Fisheries	BA	0	0	0	0	0
		Obl.	0	882			0
	Alaska	BA	19,100	0	0	0	0
		Obl.	3,473	15,627			0
	Norton Sound Fishery	BA	0	0	0	10,000	10,000

	COMPARISON BY ACTIVITY		1999 Actual	2000 Currently Available	2001 Base	2001 Estimate	Increase/ (Decrease)
		Obl.	0	0			0
	Total	BA	387,479	360,550	360,550	419,250	58,700
		Obl.	386,385	379,146	0	0	0
	Adjustments to Obligations:		0	0			0
	Recoveries		(978)	(500)			0
	Unobligated balance, start of year		(16,869)	(18,096)			0
	Unobligated balance transferred		0	0			0
	Unobligated balance, end of year		18,096	0			0
	Transfer from other accounts (-)		(19,100)	0		(10,000)	(10,000)
	Unobligated balance, expiring		845	0			0
	Transfers to other accounts (+)		0	0			0
	Appropriations		368,379	360,550	360,550	409,250	48,700

**Department of Commerce**  
**Economic Development Administration**  
**Economic Development Assistance Programs**  
**SUMMARY OF FINANCING**  
(Dollar amounts in thousands)

	<b>1999 Actual</b>	<b>2000 Currently Available</b>	<b>2001 Base</b>	<b>2001 Estimate</b>	<b>Increase/ (Decrease)</b>
	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
<b>Total Obligations</b>	\$403,400	\$380,096	\$361,050	\$419,750	\$58,700
Financing:					
Offsetting collections from:					
Federal funds	(17,015)	(950)	(500)	(500)	
Trust funds					
Non-Federal sources					
Recoveries	(978)	(500)			
Unobligated balance, start-of-year	(16,869)	(18,096)			
Unobligated balance transferred					
Unobligated balance, end-of-year	18,096				
Unobligated balance lapsing	845				
<b>Budget Authority</b>	387,479	360,550	360,550	419,250	58,700
Transferred to/from other accounts	(19,100)			(10,000)	(10,000)
Sequester					
<b>Appropriation</b>	\$368,379	360,550	360,550	409,250	48,700



**Department of Commerce**  
**Economic Development Administration**  
**Economic Development Assistance Programs**  
**PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS**  
**(Dollar amounts in thousands)**

ACTIVITY: COMMUNITY AND REGIONAL ECONOMIC ENHANCEMENT	1999 Actual	2000 Currently Available	2001 Base	2001 Estimate	Increase/ (Decrease)
	Amount	Amount	Amount	Amount	Amount
Community and Regional Economic Enhancement	\$366,778	\$358,950	\$358,950	\$315,450	(\$43,500)

**Department of Commerce**  
**Economic Development Administration**  
**Economic Development Assistance Programs**  
**JUSTIFICATION OF PROGRAM AND PERFORMANCE**

**Activity: Community and Regional Economic Enhancement**

**Base Program**

The unprecedented and largely technology-based economic expansion the Nation is currently experiencing provides us with the opportunity to focus our resources on many of our more persistent economic development challenges. While these are areas that have not fully benefitted from recent economic growth, they are also among the limited number of regions of the country that contain underutilized human and capital resources that permit the Nation to continue to pursue non-inflationary growth. With a 35-year record of successfully developing private-sector jobs and capital investment in America's distressed communities, EDA's traditional program tools are appropriate to meet the economic development challenges of the new millennium.

Many of those not experiencing economic prosperity live in communities in declining inner cities or neglected rural areas which lack the most basic building blocks for economic growth. It is these communities in which EDA's traditional assistance is not just necessary, but essential.

While the main emphasis is on long-range economic development, EDA's program is based upon a combination of flexible and proven economic development tools that help communities and businesses achieve their competitive economic potential through strategic investment of resources. Those investments help build capacity to enable state, regional and local economic development practitioners understand and address economic development challenges and opportunities of an area's economy and provide a source of capital to help fund modern and innovative economic infrastructure projects that are needed to move a community forward.

The EDA community partnership approach to economic development is simple and straightforward yet demonstrably effective at addressing the wide variety of economic development and restructuring challenges facing the Nation's communities. The approach grows out of the understanding that economic development is an inherently local phenomenon, and that Federal prescriptions as to which approach an area should take for its economic restructuring are almost certain to fail.

Based upon locally and regionally developed priorities, EDA works in partnership with other Federal agencies, state and local governments, regional economic development districts and, public and private non-profit organizations, to serve as a catalyst for assisting distressed communities in achieving their long-term competitive economic potential through the strategic investment of resources. It is these investments which provide the opportunity for **Community and Regional Economic Enhancement**.

The basic building block of the EDA approach is the use of the agency's capacity building programs to support the efforts of local communities to develop their own strategy for rebuilding their area's economy. When communities come together to identify their strengths and weaknesses and develop an overall economic development strategy, that plan is based in reality, designed to provide private-sector job opportunities, and supported by local elected officials. This is true whether the strategy developed is for a community suffering from long-term economic decline, or one facing a sudden economic reversal such as a base or plant closure or natural disaster. The local strategy is critical for successful economic development.

The first step is often through the Comprehensive Economic Development Strategy (CEDS), which is a local planning and implementation process designed to create jobs, foster more stable and diversified economies, improve living conditions, and provide a mechanism for guiding and coordinating the efforts of persons and organizations concerned with economic development. The CEDS is required to qualify for assistance through EDA's public works and economic adjustment grants and can satisfy the planning requirements to qualify an area to receive other Federal resources. While planning assistance to Native American communities has traditionally been provided under the Community and Regional Economic Enhancement initiative, in FY 2001 this assistance will be provided under the new Native American Economic Development Assistance initiative.

In recognition of the importance of local planning and in particular the CEDS process, EDA contracted a comprehensive evaluation of its planning assistance efforts. This evaluation was conducted by the Corporation for Enterprise Development and included practitioners from the Federal, state and local levels of government and most importantly the regional and local planning professionals. The results of this evaluation of Federal planning efforts, and the needs of local communities provides necessary recommendations towards the revitalization of the CEDS process and the better coordination of such efforts across the Federal Government.

The impressive job and investment results reported by the Rutgers Public Works study on project impact is in large part a result of the careful planning process that precedes project implementation. The high level of project completion, completion on time, and completion under budget, points to the commitment and preparedness of local communities in undertaking EDA projects, and the salutary effects of the requirement that all communities provide a local "share" towards the costs of project activity. This is a direct result of the planning process that is an EDA prerequisite for project selection, and the national coverage that EDA planning grantees achieve.

The programmatic tools which EDA has traditionally employed in working with distressed communities have included: state, regional and local planning; local technical assistance; trade adjustment assistance; infrastructure development; and economic adjustment. These programs have been and continue to be delivered through a national network (324 local planning districts, 69 university centers, and 12 trade adjustment assistance centers), a highly decentralized decision-making process, and an experienced regional structure with broad discretionary authority.

EDA's **Planning Assistance** provides the essential resources to states, sub-state planning regions, cities, urban counties, and other eligible areas, to work in partnership with local public and private sector leaders, businesses, organizations and governments to define their economic challenges and develop an effective strategy to revitalize their communities.

The EDA-funded network serves as a valuable local delivery mechanism for EDA and other federal assistance programs. Presently, under the district planning program, EDA assists over two-thirds of the U.S. Geographic area and more than one half of the Nation's population. These organizations have a substantial local economic development capacity created with EDA assistance. They have extensive knowledge of needs and potential of the cities, towns, and rural areas of the counties in their service area and provide technical assistance to all jurisdictions within the region.

Through these organizations broad community participation is possible as the district board is composed of local elected officials and private citizens representing all sectors of the community. The network serves as a local delivery mechanism for EDA as well as for other Federal, state and local programs, and is being used in assisting in the implementation of Administration initiatives such as the 2000 Census, the livability agenda, smart growth, reuse of brownfields, export development, reducing the information technology gap, and trade adjustment activities, among others.

EDA has been addressing the technology gap through its planning programs throughout the years. EDA-funded district organizations have become increasingly concerned with addressing telecommunications issues as well as implementing technologies such as geographic information systems(GIS). A significant number of districts serve as state data centers for the census and are assisting in planning efforts for the upcoming 2000 Census.

Two additional assets within EDA that support local economic development efforts are the **University Centers and Local Technical Assistance programs**. These programs are designed to address major impediments to economic development—the lack of information and technical knowledge. In economically distressed areas, development projects must often compete for resources with each other (as well as projects that provide basic public services, such as potable water and education). In the absence of information and technical knowledge, the allocation decisions made by local leaders may be less than optimal. Both the University Centers and Local Technical Assistance programs attempt to fill this knowledge gap and help local leaders to understand the economics underlying the various development projects.

EDA-funded University Center and Local Technical Assistance projects help to (1) foster new and creative approaches to economic development through hands-on assistance to local communities, (2) demonstrate and evaluate alternative investment approaches to economic development, and (3) disseminate information on economic development trends and best practices to local officials and economic development practitioners. These programs have been a long source of innovative ideas and approaches to economic development challenges and will be valuable resources in the implementation of Departmental initiatives such as addressing the “digital-divide” and technology-based economic development and Administration initiatives such as the New Markets and “Livability” Agenda.

EDA’s University Center program supports the Nation’s colleges’ and universities’ efforts to address the economic development problems and opportunities in their service areas, with a focus on helping those sections which are most economically distressed. EDA considers the University Centers long-term partners in economic development and requires them to devote the majority of grant resources to providing technical assistance that responds to direct requests from organizations outside the sponsoring institution of higher education.

EDA currently funds a network of 69 University Centers, including 12 at minority serving institutions. The majority of the EDA-funded University Centers direct their technical assistance to helping units of local government and nonprofit organizations plan and implement economic development programs and projects. Common activities include conducting preliminary feasibility studies, analyzing data, and convening client requested workshops on issues such as strategic planning or capital budgeting. A limited number of other University Centers target their activities to helping small and medium-sized private sector firms with technology transfer efforts. Common activities for these University Centers include identifying appropriate off-the-shelf technology to solve a specific problem for a firm; helping a firm implement such technologies; suggesting ways to improve production efficiency, reduce energy usage, and decrease the waste of raw materials; and assisting firms in completing quality certifications, such as ISO-9000.

The initial University Centers were established by EDA in the late 1960s. Since then, the program has achieved a long record of accomplishment, including numerous examples of economic development innovations. EDA-funded University Centers, for example, were among the first Federally funded organizations to provide management and technical assistance to small businesses. Many of the initial SBA Small Business Development Centers were established at institutions participating in the EDA University Center program and were actually collocated with the University Center. Funding from the University Center program helped the University of New Hampshire launch one of the Nation's earliest venture capital networks, a process that links entrepreneurs with private individual investors and which has been replicated by other institutions of higher education and nonprofit organizations.

EDA's Local Technical Assistance program is also an extremely flexible and useful tool that many organizations and communities have used for economic development purposes. While many Local Technical Assistance projects have supported feasibility studies on proposed economic development projects, such as industrial parks or businesses incubators, other Local Technical Assistance projects have addressed more innovative activities that are now incorporated in departmental initiatives. For example, recent Local Technical Assistance grants have been used to prepare a strategic and business plan for establishing a knowledge center in western North Carolina to link regional resources to accelerate economic development; to prepare a business plan for an advanced technology center in northeastern Wisconsin; to prepare a telecommunications assessment and action plan for northeastern Wyoming; to analyze potential restoration of a tribally owned resort in Utah; and to assist several communities and counties in South Dakota in developing and using Global Positioning Systems and Geographic Information Systems to enhance local government's capacity for more effective economic development. A project jointly funded by EDA's Local and National Technical Assistance programs several years ago was an early effort directly related to the Administration's New Markets initiative. Under that project, a regional organization in western Oregon analyzed the purchases made within the community and helped stimulate the local economy by matching the purchasers with local producers and manufacturers rather than outside sources. This project was later expanded, with funding from the state of Oregon, in all regions of the state. It was also later replicated by other organizations in Minnesota and New York.

The planning, local technical assistance and University Centers programs work together to enhance the local capacity critical to identifying the challenges and opportunities associated with a distressed community's potential for economic growth. More importantly, the assistance provided by these investments help to define the direction and the formulation of the strategies that sustain and promote that growth. EDA awarded a grant to evaluate the performance and contributions of the University Centers program during late FY 1999, and will provide the Congress with the results when complete.

**Public Works and Economic Development** projects include the most basic of economic building blocks - infrastructure - to promote economic development, reduce unemployment and increase incomes in economically distressed areas. These investments provide financial assistance in the form of grants to build, rebuild or expand vital public infrastructure that is required to serve new businesses and support the growth of existing businesses needed to generate new jobs and income.

EDA targets its Public Works program resources to areas of highest economic distress, i.e. areas experiencing high unemployment, low income, substantial out-migration or other indications of distress. The goal is to ensure that these investments provide the best opportunity for distressed areas to improve their infrastructure and thereby help stimulate growth through the expansion and establishment of private enterprise. EDA infrastructure assistance is critical to the development and growth of local economies because EDA funds provide seed capital to economically distressed communities that are seeking to serve the needs of businesses that require modern infrastructure in order to expand their productive capacities, serve new markets and be more globally competitive.

EDA's Public Works program has long been an innovator in economic development approaches. Incubator buildings, advanced telecommunications/smart parks, skill training centers, university research parks, eco-industrial parks and brownfield redevelopment efforts are all examples of economic development innovations implemented

through construction of critical infrastructure under EDA's Public Works program. EDA looks forward to leading the development of the next generation of E-Commerce based infrastructure.

A May 1997 study of EDA-funded public works projects performed by a research team led by Rutgers University and including the New Jersey Institute of Technology, Princeton University, Columbia University, the National Association of Regional Councils and the University of Cincinnati identified tangible outcomes that are measured by job creation and private sector investments. Some findings included:

- C every \$1 million of EDA funding created or retained 327 jobs (at a cost of \$3,058 per job);
- C the number of jobs doubled in the six years after project completion;
- C every \$1 million of EDA funding leveraged \$10.08 million in private sector investment;
- C every \$1 million of EDA funding increased the local tax base by \$10.13 million;
- C ninety-nine percent (99%) of the projects were completed as planned;
- C ninety-one percent (91%) of the projects were completed on time; and,
- C fifty-two percent (52%) of the projects were completed under budget.

In FY 1999, EDA conducted a pilot review of 58 construction projects completed in 1993 and 42 RLF projects approved in 1993. Preliminary findings show results consistent with the May 1997 program evaluations. Detailed information will be included in the Annual Program Performance Report.

The **Economic Adjustment Program** targets a flexible portfolio of grant assistance to communities facing the most severe of economic crises, a major change in the area's structural economic base. Even with an overall healthy economy in the United States today, such radical economic change at the local level is surprisingly common and is caused by both long-term trends and sudden economic events. These devastating economic impacts may be more readily recognized by other labels such as defense downsizing, post disaster long-term economic recovery, the Pacific Northwest Timber Initiative, the Northeast Fisheries economic crises or the Appalachian region coal industry decline. In other communities, the closure or threatened closure of a principal industry or company, such as the Hathaway Shirt Company in Waterville, Maine, which was threatened with closure due to severe trade competition, is the triggering event. In such cases, the basic economic survival of the local community is frequently seriously threatened.

The only Federal level assistance for many of these communities has been EDA's Economic Adjustment Program. Using this program, communities are empowered at the grass-roots level, through strategy grants, to rethink their economic future and develop action plans to stabilize their local economies and to grow in new and sustainable directions. Once the community strategy is in place, EDA also provides assistance to implement critical portions of the local action plans with revolving loan funds, technical assistance for business transitions and local capacity building, and essential infrastructure to restructure the economy. In essence, EDA's Economic Adjustment

Program provides the tools necessary to achieve long-term sustainable economies in communities hit by natural disasters or otherwise adversely impacted by over dependence on traditional, non-diversified - and now collapsed economic sectors.

Disaster mitigation, which is now funded as part of the Economic Adjustment program, describes the concept of building disaster resistant features into: (1) new or renovated construction; (2) the planning for development or redevelopment of property; and (3) the disaster-hardening of business operations. The objective is to enable communities and businesses, and by extension, local economies, to more quickly recover from disasters with reduced after-disaster costs and losses by investing in pre-disaster planning, installation of protective equipment and improvements, and construction of new facilities in safe locations and/or with construction features designed to survive the effects of natural disasters with minimal or no damage. The payoff for disaster mitigation is reduced Federal, State and local, as well as business outlays for disaster recovery.

*Business Assistance Revolving Loan Funds* - The typical business assistance RLF is the original RLF developed and used by EDA grantees for over 20 years. Capitalized with an EDA grant, these RLFs are used to respond to sudden and severe economic dislocation events and long term economic deterioration of local economies. The business assistance RLFs are generally targeted by the community to small and medium-size businesses that may be new start-up companies and existing companies that are expanding. Loans are customarily used for fixed asset or working capital needs but may also be used to target micro-lending opportunities that may be part of an area's economic adjustment strategy.

The EDA **Trade Adjustment Assistance** (TAA) Program, established under the Trade Act of 1974, was created to help U.S. firms and industries injured as a result of international trade competition. The TAA Program has received increased attention with each new round of trade agreements, which have lowered trade barriers and increased foreign competition of U.S. manufacturers. The TAA Program does not restrict trade through tariffs, quotas or duties; rather it supports free trade by helping trade injured firms and industries develop and implement recovery strategies to become more competitive.

The TAA Program has a number of strong attributes as a tool for strengthening U.S. fair trade and competitiveness efforts, including: 1) supporting the NAFTA and GATT/WTO agreements by providing a vehicle to assist the restructuring of firms and industries injured by changing trade patterns evolving from these agreements; 2) providing a nationwide network of twelve Trade Adjustment Assistance Centers (TAACs) that offer low-cost, effective professional assistance to trade-injured firms in assessing their situation and developing and implementing a strategy to regain the ability to meet international competition. The TAACs function as turnaround consultants for those companies that pay the price for the benefits the country as a whole derives from the opening of markets both here and abroad; and 3) allowing industries injured by increased imports the opportunity to join in a cost-effective cooperative effort to address major issues of concern to their member companies.

In a November 1998 report, *Effective Aid to Trade-Impacted Manufacturers, An Evaluation of the Trade Adjustment Assistance Program*, the Urban Institute concluded that by several measures, the Trade Adjustment Assistance Centers have helped manufacturing enterprises respond to foreign imports. After analyzing firms certified to receive assistance under the TAA program, the Urban Institute found that those firms which completed the implementation of their adjustment strategies, when compared to those that did not, had, on the average, survived at higher rates, added more employees and showed greater sales growth. In its conclusions, the report notes, "We take no position on whether the Federal Government should provide trade adjustment assistance; given that Congress has chosen to do so, we find that the TAA program works. Therefore, if Congress is at all serious about using trade adjustment assistance as a trade remedy, it makes considerable sense to increase the appropriations to the Trade Adjustment Assistance Program."

Early in FY 2000, reauthorization for the TAA program was extended through September 30, 2001. EDA understands the Senate Finance Committee intends to hold hearings on the TAA programs before the next expiration date. EDA expects to suggest program changes as part of that process.

The **Defense Adjustment Program** managed in close coordination with the Department of Defense Office of Economic Adjustment (OEA), helps communities impacted by closing military bases and/or reduced defense procurement to rebuild and diversify their economies away from defense dependency. In the process, communities move toward economic sustainability and, in many cases, greater prosperity is generated under the new economy than that provided by the previous defense-centered economy.

Where military bases are closed, the most significant opportunity for economic recovery generally involves installation reuse for civilian purposes. EDA provides flexible discretionary funding to communities to implement base reuse plans. Most plans are heavily reliant on redevelopment of former military infrastructure systems to support new uses. Industry adjustment projects are critical to restructuring individual economies to retain or attract businesses and stem the severe job losses associated with downsizing defense dependent companies. Technical assistance, development of manufacturing and industrial clusters, technology transfer and international trade promotion through civilian-oriented business networks is promising near-term results in achieving stability and new-sustainability for threatened businesses.

In view of the downward trend of EDA's defense adjustment spending, EDA is attempting to use its limited funding to more effectively leverage capital investment. By encouraging innovative EDA defense adjustment grants to design credit-enhancement tools for larger bond issues that, in turn, can be used to pay for critically needed base-reuse infrastructure, EDA is taking the next step of implementing the findings of a recent EDA-funded research study - *Defense Adjustment Infrastructure Bonds: Credit Enhancement Grants Make Affordable Capital Available*.



EDA Strategic Goals Annual Performance Targets (\$000)	Strategic Goal 1: Create jobs and private enterprise in economically distressed communities.					
	PUBLIC WORKS			CAPITAL ACCESS		
	FY1999	FY2000	FY2001	FY1999	FY2000	FY2001
<b>Community and Regional Economic Enhancement</b>	\$292,486	\$285,706	\$240,150	\$5,935	\$9,920	\$14,500
<b>Long-term Outcomes</b>						
Permanent jobs created or retained	55,765	54,472	45,786	1,219	2,037	2,977
Private sector dollars invested	\$2,063,781	\$2,015,942	\$1,694,498	\$14,838	\$24,800	\$36,250
<i>Note: 1) Jobs created or retained and private sector dollars invested for projects awarded in FY2001 are projected for 2010.  2) Long-term outcomes are based solely on direct jobs. Prior budgets included indirect job projections. The use of only direct jobs and private investments to calculate EDA projections are consistent with GAO recommendations and EDA stakeholder comments on the difficulty of attaining reliable sources for induced or indirect affects of EDA investments.  3) Long-term outcomes are based on findings from the Public Works and Adjustment Program Performance Evaluation (Rutgers, 1997)</i>						
<b>Interim &amp; Process Measures</b>						
State and local matching funds committed	\$194,991	\$190,471	\$160,100	\$3,957	\$6,613	\$9,667
Percent of awards invested in areas of highest distress	19%	30%	30%	19%	30%	30%
Reduce application processing days	6%	6%	6%	6%	6%	6%
<i>Note: State and local dollars committed are based on 40% match.</i>						
<b>Outputs</b>						
Grant award total appropriation levels	100%	100%	100%	100%	100%	100%

EDA Strategic Goals Annual Performance Targets (\$000)	Strategic Goal 2: <i>Build local capacity to achieve and sustain economic growth.</i>					
	PLANNING			TECHNICAL ASSISTANCE		
	FY1999	FY2000	FY2001	FY1999	FY2000	FY2001
<b>Community and Regional Economic Enhancement</b>	\$37,406	\$35,749	\$31,300	\$30,643	\$27,575	\$29,500
<b>Long-term Outcomes</b>						
Percent of sub-state political jurisdictions members actively participating in the Economic Development District (EDD) program (1)	0	75%	75%	0	0	0
Percent of EDD and Indian Tribes whose CEDS is on time and acceptable (2) <i>Note: Long-term outcomes (1) and (2) were introduced in FY 2000.</i>	0	75%	75%	0	0	0
Percent of clients satisfied with technical assistance provided for local economic and business development (3)  <i>Note: Long-term outcomes (3) survey instruments were cleared through OMB for implementation in FY 2000.</i>	0	0	0	0	75%	75%
<b>Interim &amp; Process Measures</b>						
Percent of grants awarded in areas of highest distress <i>Note: This measures applies only to Economic Adjustment Planning and Local Technical Assistance funding.</i>	19%	25%	25%	19%	25%	25%
Reduced certification processing time for trade impacted firms	0	0	0	4%	4%	4%
<b>Outputs</b>						
Grant awards total appropriation levels	100%	100%	100%	100%	100%	100%

**Department of Commerce**  
**Economic Development Administration**  
**Economic Development Assistance Programs**  
**INCREASE/DECREASE FOR 2001**  
**(Dollar amounts in thousands)**

<b>ACTIVITY: COMMUNITY AND REGIONAL ECONOMIC ENHANCEMENT</b>	<b>2001 Base</b>	<b>2001 Estimate</b>	<b>Increase/ (Decrease)</b>
	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
<b>Community and Regional Economic Enhancement</b>	\$358,950	\$315,450	(\$43,500)

**Proposed FY 2001 Program Change**

EDA requests an overall decrease of \$43.5 million for Community and Regional Economic Enhancement for FY 2001. This overall decrease, resulting primarily from a substantial decrease for Defense Economic Adjustment, also reflects an increase to the Regular Economic Adjustment Program, the merger of EDA's Disaster Mitigation activities into this subactivity, and the addition of funds to the Public Works Program to support Northeast states recovering from fisheries failures. The balance of changes reflect a shift of funds from this subactivity to the new Native American Economic Development subactivity, which will be used to help close the infrastructure gap that exists in Native American communities, and the Community Economic Adjustment subactivity, which will help distressed communities recover from sudden and/or severe economic downturns such as those caused by increased foreign imports, international trade agreements and industry downsizing. The programmatic impact of the various increases/decreases of funds follows:

**ECONOMIC ADJUSTMENT**

Within this initiative, the Economic Adjustment program is increased by \$25.371 million. EDA's Economic Adjustment Program is EDA's most flexible program, with the capability of providing planning and strategy grants, technical assistance grants, construction grants, and business financing grants, including revolving loan fund (RLF) grants. These tools, applied individually or in any combination, can be tailored to meet virtually any adjustment problem faced by a community. No other Federal agency offers communities such a range of economic development tools under a single program with a coordinated package. The requested funds will be used to increase assistance offered through all of the above tools of the program.

EDA's RLF program, strategically targeting local business lending in support of community based economic development and adjustment plans, has evolved into one of the most effective tools used by communities to achieve diversified economies and strengthen local businesses, particularly small and medium-sized businesses and minority and women-owned businesses. The requested funding will enable improvements and strengthening of EDA's RLFs. In addition, EDA will encourage the use of RLFs for other innovative financing, exploring the use of venture capital, equity financing and economic development infrastructure financing to further develop the flexibility and capability of the Economic Adjustment Program.

EDA's Disaster Mitigation funding, previously requested separately, is being merged with the regular Economic Adjustment Program funding. Disaster mitigation describes the concept of building disaster resistant features into: (1) new or renovated construction; (2) the planning for development or redevelopment of property; and (3) the disaster-hardening of business operations. The objective is to enable communities and businesses, and by extension, local economies, to more quickly recover from disasters with reduced after-disaster costs and losses by investing in pre-disaster planning, installation of protective equipment and improvements, and construction of new facilities in safe locations and/or with construction features designed to survive the effects of natural disasters with minimal or no damage. The payoff for disaster mitigation is reduced Federal, State and local, as well as business outlays for disaster recovery.

The funding will be used to continue EDA's Disaster Mitigation Initiative. This initiative, developed in partnership with FEMA, integrates the above concepts of disaster mitigation into the everyday economic development activities, (including the development of grant applications for EDA public works projects, RLFs and other tools), of EDA's Economic Development Planning Districts, and EDA's other state and local partners in economic development.

EDA continues to rely on Emergency Supplemental Appropriations for its post disaster economic recovery activities, however, a small portion of the disaster mitigation funds will be reserved for pre-supplemental disaster response and recovery.

## **PUBLIC WORKS**

In March, 1994, the Secretary of Commerce determined that a fisheries disaster existed under authority of the Interjurisdictional Fisheries Act of 1986. Since that time, the Northeastern codfish industry has continued to suffer additional injury. In response to the continued economic decline of many historic fishing communities in the several affected states, EDA awarded a number of FY99 grants in several Northeastern states to develop economic adjustment strategies in direct response to the fisheries disaster. The \$3.2 million is requested as part of the Public Works program and will be used to implement several recovery strategies which will be completed during FY2000. The decrease of \$20.3 million to the Public Works portion of the Community and Regional Economic Adjustment sub-account represent shifting of funds to support public works activities associated with the sub-accounts of other initiatives, which are described in detail elsewhere. As noted earlier, overall funding for public works type activities, including Community and Regional Economic Enhancement and the new initiatives, is increased by \$46.679 million for FY 2001.

## **PLANNING**

The \$2.7 million decrease changes to the Planning portion of the Community and Regional Economic Adjustment sub-account represent shifting of funds to support planning activities under the Native American Economic Development Assistance initiative, which is described in detail elsewhere. As noted earlier, overall funding for planning activities, including Community and Regional Economic Enhancement and the Native American initiative, is increased by \$1.3 million for FY 2001.

## **DEFENSE ADJUSTMENT ASSISTANCE**

The Defense Adjustment request is reduced by \$45.85 million. This decrease is consistent with the continued phase down of defense adjustment activity, particularly base closures. The most recent BRAC round decisions occurred in 1995 and all BRAC actions are scheduled to be implemented by 2001. The amount requested for defense adjustment assistance will be sufficient to continue support for those communities still struggling to adjust their post-closure economies.

**Department of Commerce**  
**Economic Development Administration**  
**Economic Development Assistance Programs**  
**PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS**  
**(Dollar amounts in thousands)**

<b>ACTIVITY: E-COMMERCE</b>	<b>1999 Actual</b>	<b>2000 Currently Available</b>	<b>2001 Base</b>	<b>2001 Estimate</b>	<b>Increase/ (Decrease)</b>
	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
<b>E-Commerce</b>	\$0	\$0	\$0	\$23,000	\$23,000

**Department of Commerce**  
**Economic Development Administration**  
**Economic Development Assistance Programs**  
**JUSTIFICATION OF PROGRAM AND PERFORMANCE**

**Activity: E-Commerce**

**Base Program**

**E-Commerce** provides grants for constructing and equipping state-of-the-art infrastructure that is needed for technology-driven economic development in America's distressed communities. **E-Commerce** assists communities to increase the physical capacity necessary to create a telecommunications environment needed to sustain and promote local economic growth.

E-Commerce extends EDA's traditional infrastructure focus to better equip local economies for a global, technology-dominated marketplace. Public Works assistance will be used to facilitate the transition from distressed communities to technology communities and will include, among other things, broadband deployment needed for high-speed Internet access, infrastructure for distance learning networks, smart-rooms and/or smart buildings, business incubator facilities, technologically advanced research and manufacturing facilities, and business and industrial parks pre-wired with fiber-optic cable, as well as other types of publicly-owned telecommunications infrastructure and development facilities that are needed to create economic opportunity and to encourage and support the economic development of distressed areas.

This initiative will provide for the installation or upgrade of existing telecommunications infrastructure in distressed communities to create or improve local technological capacity, and it provides funds for the construction of state-of-the-art telecommunication facilities that improve the linkages between technology-based economic development activities and the training and employment of unemployed and underemployed residents of distressed areas to help fill the labor shortage in the information technology arena.

The E-Commerce Initiative provides funding for physical infrastructure projects, including the purchase and installation of equipment. Priority projects will be those that support the growth of the information technology industry and include upgrading existing infrastructure systems to a higher bandwidth, deploying technologies that compress data and/or squeeze existing bandwidth, and projects that otherwise support broadband applications required for high-speed access to the Internet by businesses.

<b>EDA Strategic Goals</b> <b>Annual Performance Targets</b> <b>(\$000)</b>	<b>Strategic Goal 1:</b> <i>Create jobs and private enterprise in economically distressed communities.</i> <b>PUBLIC WORKS</b>		
	<b>FY1999</b>	<b>FY2000</b>	<b>FY2001</b>
<b>E-Commerce</b>	\$0	\$0	\$23,000
<b>Long-term Outcomes</b>			
Permanent jobs created or retained	0	0	4,385
Private sector dollars invested	0	0	\$162,288
<i>Note: 1) Jobs created or retained and private sector dollars invested for projects awarded in FY2001 are projected for 2010.</i> <i>2) Long-term outcomes are based solely on direct jobs. Prior budgets included indirect job projections. The use of only direct jobs and private investments to calculate EDA projections are consistent with GAO recommendations and EDA stakeholder comments on the difficulty of attaining reliable sources for induced or indirect affects of EDA investments.</i> <i>3) Long-term outcomes are based on findings from the Public Works and Adjustment Program Performance Evaluation (Rutgers, 1997)</i>			
<b>Interim &amp; Process Measures</b>			
State and local matching funds committed	0	0	\$15,333
Percent of awards invested in areas of highest distress	0	0	30%
Reduce application processing days	0	0	6%
<i>Note: State and local dollars committed are based on 40% match.</i>			
<b>Outputs</b>			
Grant award total appropriation levels	0	0	100%



**Department of Commerce**  
**Economic Development Administration**  
**Economic Development Assistance Programs**  
**INCREASE FOR 2001**  
**(Dollar amounts in thousands)**

<b>ACTIVITY: E-COMMERCE</b>	<b>2001 Base</b>	<b>2001 Estimate</b>	<b>Increase/ (Decrease)</b>
	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
<b>E-Commerce</b>	\$0	\$23,000	\$23,000

**Proposed FY 2001 Program Change**

Technology sector growth has been a driving force in the Nation's extraordinary economic performance over the last seven years. The emerging "digital economy," including the increased use of telecommunications and computing technology, have been major factors behind this trend. Noted economists, including Federal Reserve Board Chairman Alan Greenspan, have acknowledged the impacts of technology-led economic development on the American economy including the here-to-fore elusive combination of strong economic growth and low inflation. This unprecedented situation and resulting economic expansion have been attributed largely to technology related productivity gains. According to some estimates, technology accounts for up to one half of the growth rate in national economic productivity.

This technological change, however, has resulted in "uneven development" — some areas growing quickly while others are stagnating or losing jobs and population. Uneven development reduces the efficiency of the national economy because some places have excess capacity, while others have to spend to add new capacity.

The traditional argument for economic development investments in distressed communities is based upon the Federal Government's long-standing commitment to ensure equality of economic opportunities, i.e., "equity." There are other compelling reasons, however, for why investments in productivity enhancing infrastructure is crucial to national economic competitiveness. A large number of America's communities, especially those experiencing adverse economic conditions such as high unemployment, low per capita income, an under-skilled workforce, population out-migration, or aging infrastructure, find themselves challenged to create sustainable economies and to establish a technological base from which to compete in today's economy. At the same time, these communities have underutilized human and capital resources that offer continued non-inflationary economic growth to a Nation facing shortages after years of strong economic growth. Accordingly, EDA's efforts will focus on building partnerships at the Federal, regional, state, and local level that promote and support sustainable economic growth, especially growth that comes about through technology-based development that enables both businesses and communities to fully participate in the new global marketplace.

In a series of benchmark studies, the U.S. Department of Commerce has focused national attention on the transformational impact of information technologies on the U.S. economy. These studies have described the extraordinary growth of electronic commerce (*The Emerging Digital Economy II*, June 1999), the need for trained information technology workers (*The Digital Workforce*, June 1999), the growing gap between “information-haves” and “information have-nots” (*Falling Through the Net*, July 1999), and the significant infrastructure needs in Native-American communities (*Assessment of Technology Infrastructure in Native Communities*, June 1999). As noted in the April, 1998 report, “The Emerging Digital Economy,” as late as 1980, phone conversations only traveled over copper wires which carried less than one page of information per second. Today, a strand of optical fiber as thin as a human hair can transmit in a single second the equivalent of over 90,000 volumes of an encyclopedia. However, despite the robust nature of E-commerce, not every citizen, company, or community is fully participating in the new economy. Major gaps in computer and Internet access exist based upon race, income, ethnicity, and geography, and these gaps have been widening.

The pressing need is to expedite the deployment of “broadband Internet access” so that businesses and individuals can interact with the Internet, watch television, or make telephone calls regardless of which device they are using at the time. As the April, 1998 report on the “Emerging Digital Economy” points out, when these combined services are brought to individual homes and places of business by satellite, wireless, microwave, television cable and telephone lines, the country will have a dynamic and powerful new system of communications between businesses, schools, libraries, governments and individuals.

Accordingly, EDA is requesting \$23 million in Public Works assistance for an **E-Commerce Program Initiative** that will help to expedite the deployment of advanced, i.e., broadband Internet access that will, as the report on the “Emerging Digital Economy” illustrates, tie together the computing power on desks, in factories and in offices around the world and support expanded commerce through high-speed communications infrastructure.

Through an expanded, focused effort to create E-Commerce, EDA will seek to complement and support Departmental priorities of strengthening the Nation’s economic infrastructure, supporting the Nation’s science, technology and information initiatives and providing for effective management and stewardship of the Nation’s resources and assets to ensure sustainable economic opportunities for all Americans. EDA will work closely with its sister agencies in the Department of Commerce, as well as the Department of Education and the National Science Foundation, whose missions to support educational and research institutions complement the E-Commerce Initiative and its focus on business and communities.

Deployment of broadband Internet infrastructure is akin to the deployment of last century’s transportation infrastructure (e.g., canals, railroads, highways, and airports). Just as there were competitive advantages to having ready access to transportation hubs, today there are significant advantages to locating near inexpensive high-speed Internet connections. Accordingly, these Public Works funds will be used for infrastructure and development facilities that are needed to create economic opportunity and to encourage and support the economic development of distressed areas. The goal of this assistance is to improve the linkages between technology-based economic development activities and the employment of unemployed and underemployed residents of distressed areas — particularly, those residents that may not have equal access to Internet and computer resources.

The lack of broadband infrastructure will make it difficult, if not impossible, for economically distressed communities to attract Internet and other high tech companies who rely on these systems. Without an adequate information infrastructure, new technology-related development will be inhibited nation-wide — technology companies, such as Cisco Systems, Dell, and America Online all began in areas with cutting-edge technology infrastructure — the next generation of Internet companies will be even more reliant on broadband links. In the New Economy, companies that lack inexpensive, reliable broadband Internet access, will be at a significant competitive disadvantage.

EDA’s E-Commerce initiative will assist eligible applicants with the construction of the technology-based infrastructure facilities — in particular, those that will increase broadband Internet access and narrow the digital divide — that are identified in State, regional and local plans or that have been developed through other planning activities that were focused on the technology-related needs of businesses and communities that are located in distressed areas.

In order to ensure broad support for this initiative, funding will be available to all entities eligible under EDA's current economic distress criteria. Special emphasis, however, will be placed on mitigating broadband Internet access gaps based upon race, income, ethnicity, or geography. Proposals for implementation will have to arise out of a local planning process, including processes developed for other Federal programs. Also, given the sophisticated nature of the facilities to be funded, it is anticipated that the average grant will be significantly larger than EDA's typical infrastructure grant, and will range from several hundred thousands to several million dollars each.

**Department of Commerce**  
**Economic Development Administration**  
**Economic Development Assistance Programs**  
**PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS**  
**(Dollar amounts in thousands)**

ACTIVITY: COMMUNITY ECONOMIC ADJUSTMENT		1999 Actual	2000 Currently Available	2001 Base	2001 Estimate	Increase/ (Decrease)
		Amount	Amount	Amount	Amount	Amount
Community Economic Adjustment	BA	\$0	\$0	\$0	\$10,000	\$10,000

**Department of Commerce  
Economic Development Administration  
Economic Development Assistance Programs  
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

**Activity: Community Economic Adjustment**

**Base Program**

Trade opening agreements, such as the World Trade Organization and the North American Free Trade Agreement, are pursued because they offer benefits to the Nation as a whole. The costs or burdens associated with those agreements, however, are not equally distributed among the Nation's communities. Some adversely affected communities have seen their tax base shrink as firms have gone out of business and other firms have moved all or part of their production facilities offshore. For example, several Southern and Southwestern communities have recently experienced significant negative impacts as apparel companies have moved production offshore. American steel and oil and gas producers have also been heavily impacted recently by greatly increasing imports, including some being sold at artificially low prices. Because it negotiated the generally beneficial trade opening agreements that fostered these actions, the Federal Government should lend a helping hand to these trade injured communities in rebuilding their economic infrastructure.

EDA Strategic Goals Annual Performance Targets (\$000)	Strategic Goal 1: Create jobs and private enterprise in economically distressed communities.					
	PUBLIC WORKS			CAPITAL ACCESS		
	FY1999	FY2000	FY2001	FY1999	FY2000	FY2001
<b>Community Economic Adjustment</b>	\$0	\$0	\$3,000	\$0	\$0	\$2,000
<b>Long-term Outcomes</b>						
Permanent jobs created or retained	0	0	572	0	0	411
Private sector dollars invested	0	0	\$21,168	0	0	\$5,000
<i>Note: 1) Jobs created or retained and private sector dollars invested for projects awarded in FY2001 are projected for 2010.</i> <i>2) Long-term outcomes are based solely on direct jobs. Prior budgets included indirect job projections. The use of only direct jobs and private investments to calculate EDA projections are consistent with GAO recommendations and EDA stakeholder comments on the difficulty of attaining reliable sources for induced or indirect affects of EDA investments.</i> <i>3) Long-term outcomes are based on findings from the Public Works and Adjustment Program Performance Evaluation (Rutgers, 1997)</i>						
<b>Interim &amp; Process Measures</b>						
State and local matching funds committed	0	0	\$2,000	0	0	\$2,000
Percent of awards invested in areas of highest distress	0	0	30%	0	0	30%
Reduce application processing days	0	0	6%	0	0	6%
<i>Note: State and local dollars committed are based on 40% match.</i>						
<b>Outputs</b>						
Grant award total appropriation levels	0	0	100%	0	0	100%

EDA Strategic Goals Annual Performance Targets (\$000)	Strategic Goal 2: <i>Build local capacity to achieve and sustain economic growth</i>					
	PLANNING			TECHNICAL ASSISTANCE		
	FY1999	FY2000	FY2001	FY1999	FY2000	FY2001
Community Economic Adjustment	\$0	\$0	\$3,000	\$0	\$0	\$2,000
Interim & Process Measures						
Percent of grants awarded in areas of highest distress	0	0	25%	0	0	25%
<i>Note: This measures applies only to Economic Adjustment Planning and Local Technical Assistance funding.</i>						
Outputs						
Grant awards total appropriation levels	0	0	100%	0	0	100%

**Department of Commerce**  
**Economic Development Administration**  
**Economic Development Assistance Programs**  
**INCREASE FOR 2001**  
**(Dollar amounts in thousands)**

<b>ACTIVITY: COMMUNITY ECONOMIC ADJUSTMENT</b>		<b>2001 Base</b>	<b>2001 Estimate</b>	<b>Increase/ (Decrease)</b>
		<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
<b>Community Economic Adjustment</b>	<b>BA</b>	\$0	\$10,000	\$10,000

**Proposed FY 2001 Program Change**

The Community Economic Adjustment budget request, will permit EDA to provide meaningful assistance to trade-injured communities. EDA is proposing that the \$10 million for the Community Economic Adjustment program be provided under the model used for Defense Adjustment funds. Under that model, EDA would be able to award grants under whichever EDA program was most appropriate to the needs of the trade-injured community. Although EDA is seeking flexibility in using these funds, historical experience suggests that approximately \$3.0 million of the funds would be used for Planning, \$2.0 million for Technical Assistance, \$3.0 million for Public Works and \$2.0 million for Revolving Loan Funds.

When a major employer in an area fails or moves production offshore, a community may simply not know what its options are. Technical Assistance and Planning grants can help these communities analyze their comparative advantages, prepare a comprehensive community economic adjustment strategy for rebuilding their local economies, determine the feasibility of specific economic development projects, secure assistance to meet specific technical needs (e.g., environmental assessments or financial restructuring) identified in the adjustment strategy, and organize local programs to implement specific components of a development strategy. These activities are crucial in helping a community improve its infrastructure or increase its access to capital. A 1997 study by Rutgers University confirmed the critical roles that planning and technical assistance grants have played in developing the job opportunities created and private sector investments achieved as a result of EDA's Public Works grants.

Many trade-injured communities may need infrastructure improvements in order to successfully implement a strategy to respond to the loss of a major employer. Frequently a firm interested in locating a new plant in a community will have some need, such as a waste water treatment, water storage and pressure, traffic flow, etc., that cannot be accommodated by the community's current facilities. Some communities may require other assistance, such as investments in a business incubator or a skills training center, in order to fully implement its development strategy. EDA's public works/infrastructure investments have a long and successful history of helping economically distressed communities improve their traditional infrastructure facilities as well as with newer types of infrastructure facilities, such as industrial parks with state of the art telecommunications facilities.



Revolving Loan Funds (RLFs) provide businesses with access to capital and help in filling the gaps in conventional financing by addressing the availability of money, its cost, or both. As part of a Comprehensive Economic Development Strategy, trade-injured communities may need to establish RLFs which are targeted to borrowers who can both meet the established means test and fit the desired profile of economic activity established by the community's comprehensive planning process. RLFs, which may assist in attracting and expanding existing businesses or in starting-up new businesses, complement the Technical Assistance component of the Community Economic Adjustment initiative by helping to establish the profile of economic sectors the community wants to pursue. RLFs also complement the Public Works component of the initiative by identifying and assisting businesses, which in order to thrive and create new job opportunities, make good use of the improvements in the community's public infrastructure provided by EDA.

Through the Office of Community Economic Adjustment (OCEA), EDA will address the impact of severe and sudden economic distress on the Nation's communities. The OCEA, modeled after DoD's Office of Economic Adjustment, will target those communities whose economy has undergone significant structural change caused by external factors such as trade or other factors, by providing "rapid response" planning and technical assistance to develop and implement comprehensive economic adjustment strategies.

**Department of Commerce**  
**Economic Development Administration**  
**Economic Development Assistance Programs**  
**PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS**  
**(Dollar amounts in thousands)**

<b>ACTIVITY: MISSISSIPPI DELTA</b>	<b>1999 Actual</b>	<b>2000 Currently Available</b>	<b>2001 Base</b>	<b>2001 Estimate</b>	<b>Increase/ (Decrease)</b>
	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
Mississippi Delta	\$	\$	\$0	\$10,000	\$10,000

**Department of Commerce**  
**Economic Development Administration**  
**Economic Development Assistance Programs**  
**JUSTIFICATION OF PROGRAM AND PERFORMANCE**

**Activity: Mississippi Delta**

**Base Program**

The Mississippi Delta region was recognized by Congress in 1988 with the creation of the Lower Mississippi Delta Commission, which covered 219 counties and parishes in the States of Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Missouri and Tennessee. Despite the fact that the United States is enjoying what will soon be the longest economic expansion in its history, there are areas of the country that are lagging behind economically, and the Mississippi Delta is among them. Despite progress in a number of economic and social areas, the Delta region lags behind the rest of the country in employment, income, housing, transportation, access to capital, education levels, health care and economic development. *The Mississippi Delta: Beyond 2000* report is the result of a Department of Transportation organized effort involving ten Federal agencies pledged to work together to coordinate government efforts in the Delta. The report presents four key themes: revitalizing the regional economy; improving the quality of life; protecting and enhancing the region's natural resources, environment and tourism; and developing and implementing regional planning. EDA's economic development program tools are well-suited to assisting with the implementation of the report's recommendations and EDA has been an active participant in Delta economic development efforts throughout its history.

EDA will be included as part of the President's Mississippi Delta initiative for FY 2001 which provides for the creation of a new Delta Regional Authority designed to target funding and resources to economically distressed communities throughout the Delta. EDA programs can be used to meet the economic adjustment needs of Delta communities in support of the local economic development activities undertaken through the Delta Regional Authority, which is expected to play a lead role in coordinating Federal efforts in the Delta region.

EDA Strategic Goals Annual Performance Targets (\$000)	Strategic Goal 1: <i>Create jobs and private enterprise in economically distressed communities.</i>					
	PUBLIC WORKS			CAPITAL ACCESS		
	FY1999	FY2000	FY2001	FY1999	FY2000	FY2001
<b>Mississippi Delta</b>	\$0	\$0	\$7,000	\$0	\$0	\$2,000
<b>Long-term Outcomes</b>						
Permanent jobs created or retained	0	0	1,335	0	0	411
Private sector dollars invested	0	0	\$49,392	0	0	\$5,000
<i>Note: 1) Jobs created or retained and private sector dollars invested for projects awarded in FY2001 are projected for 2010.</i> <i>2) Long-term outcomes are based solely on direct jobs. Prior budgets included indirect job projections. The use of only direct jobs and private investments to calculate EDA projections are consistent with GAO recommendations and EDA stakeholder comments on the difficulty of attaining reliable sources for induced or indirect affects of EDA investments.</i> <i>3) Long-term outcomes are based on findings from the Public Works and Adjustment Program Performance Evaluation (Rutgers, 1997)</i>						
<b>Interim &amp; Process Measures</b>						
State and local matching funds committed	0	0	\$3,000	0	0	\$857
Percent of awards invested in areas of highest distress	0	0	30%	0	0	30%
Reduce application processing days	0	0	6%	0	0	6%
<i>Note: State and local dollars committed are based on 30% match.</i>						
<b>Outputs</b>						
Grant award total appropriation levels	0	0	100%	0	0	100%

EDA Strategic Goals Annual Performance Targets (\$000)	Strategic Goal 2: <i>Build local capacity to achieve and sustain economic growth.</i>		
	Technical Assistance		
	FY1999	FY2000	FY2001
Mississippi Delta	\$0	\$0	\$1,000
<b>Interim &amp; Process Measures</b>			
Percent of grants awarded in areas of highest distress	0	0	25%
<i>Note: This measures applies only to Economic Adjustment Planning and Local Technical Assistance funding.</i>			
Reduced certification processing time for trade impacted firms	0	0	0
<b>Outputs</b>			
Grant awards total appropriation levels	0	0	100%

**Department of Commerce**  
**Economic Development Administration**  
**Economic Development Assistance Programs**  
**INCREASE FOR 2001**  
**(Dollar amounts in thousands)**

<b>ACTIVITY: MISSISSIPPI DELTA</b>	<b>2001 Base</b>	<b>2001 Estimate</b>	<b>Increase/ (Decrease)</b>
	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
<b>Mississippi Delta</b>	\$0	\$10,000	\$10,000

**Proposed FY 2001 Program Change**

The EDA \$10 million request is part of the President's \$110 million Mississippi Delta initiative for FY 2001 which includes the creation of a new Delta Regional Authority designed to target funding and resources to economically distressed communities throughout the Delta. EDA will work closely with the new Authority, partnering with other Federal agencies in the delivery of its support to the Delta area. The requested funds will be used to increase assistance through all of the tools available in EDA's Regular Economic Adjustment Program. EDA will be providing planning and strategy grants, technical assistance grants, construction grants, and business financing grants, including revolving loan fund (RLF) grants. These tools, applied individually or in any combination, can be tailored to meet the special adjustment problem faced by Delta communities. Project activity supporting transportation industry jobs, access to capital and economic development, disaster mitigation, regional planning and construction of vital infrastructure such as adequate water and sewer systems, telecommunications, including activities supporting the Department of Commerce's E-Commerce Initiative, and other projects essential for economic development, represent the potential contribution that EDA can offer to implementing the recommendations of *The Mississippi Delta: Beyond 2000*.

This effort also supports the Administration's New Markets initiative. The New Markets areas, such as the Delta, are among the few areas in the United States that have underutilized resources and can accommodate growth without inflationary pressure.

**Department of Commerce**  
**Economic Development Administration**  
**Economic Development Assistance Programs**  
**PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS**  
**(Dollar amounts in thousands)**

<b>ACTIVITY: NATIONAL PROGRAM ANALYSIS AND INFORMATION CONSOLIDATION</b>	<b>1999 Actual</b>	<b>2000 Currently Available</b>	<b>2001 Base</b>	<b>2001 Estimate</b>	<b>Increase/ (Decrease)</b>
	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
<b>National Program Analysis and Information Consolidation</b>	\$1,601	\$1,600	\$1,600	\$1,600	\$0

NOTE: This activity includes \$1.1 million from the Technical Assistance program which is used for National Technical Assistance as well as the \$.5 million for Research and Evaluation.

**Department of Commerce  
Economic Development Administration  
Economic Development Assistance Programs  
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

**Activity: National Program Analysis & Information Consolidation**

**Base Program**

The **National Technical Assistance and Research and Evaluation program** provides resources to intermediary organizations that provide technical assistance to local, district and state economic development organizations and for national demonstrations of innovative economic development techniques.

Under the **Research & Evaluation** program, EDA systematically measures and evaluates the impact and outcomes of EDA's programs. It will also identify new challenges, opportunities, and trends in economic development, and provide research that will ensure that new economic development initiatives are well informed, and their outcomes evaluated.

The **National Technical Assistance** program supports a national learning partnership with intermediary organizations that develops a comprehensive base of information about emerging economic development issues and disseminates that information at the regional and local levels. These ongoing partnerships are an important link in providing economic development practitioners with cutting-edge information. They also provide a unique vehicle for dissemination of information about new agency initiatives, particularly as they get underway.



EDA Strategic Goals Annual Performance Targets (\$000)	Strategic Goal 2: <i>Build local capacity to achieve and sustain economic growth.</i> Technical Assistance		
	FY 1999	FY 2000	FY 2001
National Program Analysis & Information Consolidation	\$1,909	\$1,600	\$1,600
Long-term Outcomes			
Number of research and national technical assistance results.	5	5	5
Outputs			
Grant awards total appropriation levels	100%	100%	100%

Department of Commerce  
 Economic Development Administration  
 Economic Development Assistance Programs  
**PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS**  
 (Dollar amounts in thousands)

ACTIVITY: NATIVE AMERICAN ECONOMIC DEVELOPMENT ASSISTANCE	1999 Actual	2000 Currently Available	2001 Base	2001 Estimate	Increase/ (Decrease)
	Amount	Amount	Amount	Amount	Amount
Native American Economic Development Assistance	\$0	\$0	\$0	\$49,200	\$49,200

**Department of Commerce**  
**Economic Development Administration**  
**Economic Development Assistance Programs**  
**JUSTIFICATION OF PROGRAM AND PERFORMANCE**

**Activity: Native American Economic Development Assistance**

**Base Program**

EDA has a long history of support for the economic development of American Indian tribes and Alaskan Native Villages (Native Communities) through its base programs, which have provided over three-quarters of a billion dollars in assistance to Native Communities from 1965 through 1999, and are designed to effectively promote and support the sustainable development of Native Communities. EDA has always been cognizant of the social needs and high levels of economic distress in Indian Country and the fact that Native Communities generally have different needs than other EDA eligible communities. Planning capacity is but one example of these differing needs. Whereas many EDA eligible communities draw from a variety of different sources to meet planning capacity needs, the complexity of tribal economic development, the greater need for tribal planning expertise, and the dearth of other available economic development resources all point to the divergent needs of tribal communities. The barriers and challenges faced by Native Communities are far-reaching and they need to be systematically, comprehensively and collaboratively addressed.

As a group, the population of Native Communities is one of the fastest growing in the U.S. In fact, according to U.S. Census Bureau estimates, between April 1, 1990 and July 1, 1999, the Nation's American Indian, Eskimo and Aleut resident population grew by more than 300,000 to 2.4 million. In the 1990s, this population group has grown more rapidly than the Nation's population as a whole — 16.0 percent versus 9.7 percent. Never the less, about one-third of the Nation's indigenous peoples' households had incomes that placed them below the poverty line in 1997 as opposed to the Nation's average of 13 percent.

EDA's Native American Economic Development Program is built on the principle that sound, long-range, comprehensive planning is a pre-requisite for sustainable economic development and that Native Communities need to have basic planning capacity and community infrastructure systems, including basic technology infrastructure facilities, in place before moving forward to more advanced economic development concepts, methods and programs.

As the recently completed EDA funded study, "Assessment of Technology Infrastructure in Native Communities (June 1999)," revealed, the most pressing investments needs are for physical infrastructure, planning assistance, and workforce development. This study concluded that technology infrastructure alone cannot improve the economic conditions in Native Communities. For technology-led development to proceed, the study indicated that Native Communities must first invest in basic infrastructure (e.g., roads and utilities) and worker training, as well as, identify resources to finance technology investment.

EDA's program tools are flexible enough to support broad-based economic development programs ranging from planning and technical assistance to public works infrastructure and economic adjustment assistance, including the establishment of revolving loan funds to provide financing for Native and non-Native owned companies that have great difficulty obtaining capital for businesses located on reservations and tribally-owned lands.

Another EDA funded study, “Strategic Planning for Economic Development (1999),” concluded that among the factors necessary to encourage culturally appropriate economic development in Indian Nations generally, and private investment on reservations specifically, is “having the social, legal, and cultural institutions in place to nurture commerce.” Hence, EDA’s requirement that Native Communities have planning capacity and basic infrastructure systems in place, prior to moving forward with more advanced economic development programs.

Special emphasis will be directed toward:

- < Supporting previous EDA economic development investments;
- < Implementing projects consistent with the tribal comprehensive economic development process;
- < Encouraging tribal ‘welfare to work’;
- < Leveraging private sector investment;
- < Asserting EDA’s role in encouraging more collaborative Indian and adjacent local government development partnerships; and
- < Making jobs and businesses on Indian lands more disaster resistant and sustainable.

For those communities that are prepared, EDA will also support more specific economic development strategies in Native Communities, such as those pursued by other EDA eligible communities, including use of strategic plans, market feasibility studies, and geographic information system planning; and development of business incubators, skills training facilities, and manufacturing and industrial facilities.

EDA’s advanced program for Native Communities can also provide more sophisticated economic development tools including:

- < Leveraging private capital - through credit enhancement techniques, such as loan guarantees and interest rate buy-downs; and
- < Promoting technology-led development - through deployment of broadband Internet infrastructure and skills training facilities.

**Indian tribes** and **Alaskan Native Villages** are the most economically disadvantaged group in the Nation. EDA recognizes the continuing high level of distress and the lack of community facilities on Native American reservations and Alaskan Native communities. EDA will build its Indian economic development policy on sound principles and on a solid foundation, specifically on sustainable economic development. EDA has studied Native American economic development policy best practices and the infrastructure needs of the Native American communities. EDA will integrate the findings from the studies to refine future approaches to Indian economic development:

- < *Planning grants* - support capacity building and development of comprehensive economic development strategies;
- < *Technical Assistance grants* - support specialized studies including economic feasibility and market analyses;
- < *Economic Adjustment grants* - to provide comprehensive economic development assistance with a special emphasis on Revolving Loan Funds to fill capital gaps in business development programs of Native Communities; and
- < *Infrastructure grants* - support provision of basic infrastructure, as well as telecommunications related projects and the construction of workforce skill training facilities, that are needed to support non-gaming commerce and business development.

**Planning and Technical Assistance** - Through the EDA planning program, the agency will work with tribal organizations to create institutional capacity needed to address the multitude of economic issues faced by their communities and select additional Native Communities to receive ongoing planning funding assistance. The increased Technical Assistance funds will help ameliorate the current state of economic distress prevalent among a large number of Indian tribes by identifying additional economic development options.

**Economic Adjustment** - As part of EDA's overall effort to renew its support for Native American Economic Development, EDA will use the Economic Adjustment Assistance program tools to promote more sustainable economic development, job creation and income generation for tribal members [tribally-owned and operated businesses which utilize local resources and serve internal needs or supply outside markets, enhance tourism related activities, etc.].

Use of the more flexible economic adjustment tool will enable EDA to "customize" financial and program assistance to accommodate the special considerations associated with doing business on Federal trust lands. The Economic Adjustment Assistance Program can put program tools together in varying combinations (or into a single grant, as appropriate) incorporating planning and technical assistance, public infrastructure, and revolving loan financing to address shortfalls in financing for Indian owned businesses and for non-Indian owned businesses that have great difficulty obtaining capital for businesses located on tribally-owned land and reservations.

**Public Works** - Funds will provide much needed resources for infrastructure projects in Native American communities. Projects selected for funding will include, but not be limited to: water and sewer systems that are needed to support industrial and commercial developments on Indian reservations and Indian-owned lands; the construction of buildings to house Indian-owned manufacturing companies and commercial businesses; the construction or improvement of Indian-owned tourism facilities; construction and equipping of workforce skill training facilities; the construction and equipping of distance learning facilities and such facilities as cargo docks and cold storage facilities that are needed to support Indian tribes and Alaskan Native Villages in their further development of sustainable local economies that are based on the local availability of renewable natural resources in Native Communities.

EDA Strategic Goals Annual Performance Targets (\$000)	Strategic Goal 1: <i>Create jobs and private enterprise in economically distressed communities.</i>					
	PUBLIC WORKS			CAPITAL ACCESS		
	FY1999	FY2000	FY2001	FY1999	FY2000	FY2001
<b>Native American</b>	\$0	\$0	\$39,000	\$0	\$0	\$5,000
<b>Long-term Outcomes</b>						
Permanent jobs created or retained	0	0	2,883	0	0	257
Private sector dollars invested	0	0	\$13,759	0	0	\$625
<i>Note: Long-term outcomes are derived from findings in the Public Works and Adjustment Program Performance Evaluation (Rutgers, 1997), Native American Projects.</i>						
<b>Interim &amp; Process Measures</b>						
State and local matching funds committed	0	0	\$16,714	0	0	\$2,143
Percent of awards invested in areas of highest distress	0	0	100%	0	0	100%
Reduce application processing days	0	0	6%	0	0	6%
<i>Note: State and local dollars committed are based on 30% match.</i>						
<b>Outputs</b>						
Grant award total appropriation levels	0	0	100%	0	0	100%

EDA Strategic Goals Annual Performance Targets (\$000)	Strategic Goal 2: <i>Build local capacity to achieve and sustain economic growth.</i>					
	PLANNING			TECHNICAL ASSISTANCE		
	FY1999	FY2000	FY2001	FY1999	FY2000	FY2001
<b>Native American</b>	\$0	\$0	\$4,000	\$0	\$0	\$1,200
<b>Long-term Outcomes</b>						
Percent of EDD and Indian Tribes whose CEDS is on time and acceptable (2) <i>Note: Long-term outcomes (1) and (2) were introduced in FY 2000.</i>	0	0	75%	0	0	0
<b>Interim &amp; Process Measures</b>						
Percent of grants awarded in areas of highest distress  <i>Note: By Highest Distress Definition, all Indian tribe projects are in areas of highest distress.</i>	0	0	0	0	0	100%
<b>Outputs</b>						
Grant awards total appropriation levels	0	0	100%	0	0	100%

**Department of Commerce**  
**Economic Development Administration**  
**Economic Development Assistance Programs**  
**INCREASE FOR 2001**  
**(Dollar amounts in thousands)**

ACTIVITY: NATIVE AMERICAN ECONOMIC DEVELOPMENT ASSISTANCE	2001 Base	2001 Estimate	Increase/ (Decrease)
	Amount	Amount	Amount
Native American Economic Development Assistance	\$0	\$49,200	\$49,200

**Proposed FY 2001 Program Change**

EDA is requesting \$49.2 million for a **Native American Economic Development Program Initiative** which will be established as a set-aside for Native American applicants to fund a variety of economic development projects, including telecommunication related projects, through EDA's existing program tools. This request is consistent with President Clinton's statement that the Federal Government should continue its "focus on infrastructure technology needs and business development in American Indian and Alaska Native communities." Access to capital for financing economic development in Native communities is extremely limited, although capital needs are significant.

The requested resources will be used to fund capacity building, including revolving loan funds, and infrastructure projects, including technology related projects, that are needed to enable American Indian tribes and Alaskan Native Villages (Native Communities) to attract native and non-Native owned businesses to American Indian reservations and Alaskan Native communities to take full advantage of the Indian Investment and Employment Tax Incentives Plan that was enacted in 1994 as a package of tax credits (similar to those available to Empowerment Zones and Enterprise Communities). These investments will make Native Communities more competitive with non-Native communities.

Although the country continues one of the longest and strongest economic expansions in its history, one segment of the Nation's population — the American Indians and Alaskan Native Villages — have been left far behind the current economic boom and all those that came before. Among the highest in distress in the country, Native Communities continue to suffer from long-term economic deterioration and substantial poverty. The poverty rate in Native Communities is two-and-a-half times the national average, unemployment is over eight times higher than the national average and the median family income is less than two-thirds the national average, and less than half of Indian homes have telephones.

Any effort to help overcome the current state of severe economic distress being experienced in most Native Communities must be realistic in terms of what the basic needs and existing capacities are, and it must be multi-faceted in its approach. No simple solutions and no one strategy, technology included, will get the job done.



Given the complex nature of economic distress in Native Communities, and consequently, the need for well conceived economic development strategies, it is imperative that EDA obtain adequate program resources to implement this program and enhance applicable programs in order to support comprehensive economic development in Native Communities. EDA's program tools are flexible enough to support a broad-based economic development program initiative ranging from planning and technical assistance to public works infrastructure and economic adjustment assistance, including the establishment of revolving loan funds to provide financing for Native and non-Native owned companies that have great difficulty obtaining capital for businesses located on reservations and tribally-owned lands. Dedicated resources will assure that a meaningful and effective Native American Economic Development Program can be implemented.

In keeping with the Administration's "New Markets" initiative, the provision of infrastructure, both basic and advanced, the attraction of outside capital to, and the location of basic commercial business operations in Native Communities are urgently needed to help abate off-reservation spending by Native residents. Also, workforce skills development is absolutely essential to the attraction of new businesses to Native Communities, as well as for producing trained and knowledge-based Native employees for nearby privately-owned, off-reservation businesses.

Specifically, these dedicated resources will allow EDA to more effectively promote and support sustainable economic development programs in Native Communities by:

- < using \$4 million in Planning grants to fund more than 10 new Native American tribes and organizations, increasing the total number of Native American Planning grant recipients from 63 to approximately 75, and increase the average grant by \$10,000 annually, or 23%, from the FY 1999 level to approximately \$54,000 per award.
- < using \$1.2 million in Technical Assistance funds to support specialized studies including economic feasibility and market analyses, and the possible establishment of a University Center at a tribal college.
- < using \$39 million in Public Works and Economic Development funds to support infrastructure projects, including technology related projects, that are needed to support the economic development of Native Communities and Native-owned enterprises. EDA will give priority to projects that satisfy a pressing need and that offer the best opportunity to stimulate growth, create long-term employment for Native residents and expand the productive capacity of the Native Communities.
- < using \$5 million in Economic Adjustment Assistance funds to promote diversified local economies with special emphasis directed towards Native-owned businesses that utilize local resources; serve the internal needs of the local communities and/or supply outside markets; enhance and support tourism related activities; make jobs and businesses in Native Communities more disaster resistant; and, encourage more collaboration between the Native Communities and adjacent non-Native political jurisdictions on matters related to the economic development of the area. The Economic Adjustment Assistance Program allows EDA to "customize" its financial assistance to accommodate the special needs and considerations associated with doing business on Federal trust lands and providing financing for businesses located on trust or tribally-owned lands.

**Department of Commerce**  
**Economic Development Administration**  
**Economic Development Assistance Programs**  
**SUMMARY OF REQUIREMENTS BY OBJECT CLASS**  
**(Dollar amounts in thousands)**

	OBJECT CLASS	1999 Actual	2000 Currently Available	2001 BASE	2001 ESTIMATE	INCREASE/ (DECREASE)
11	Personnel Compensation					
11.1	Full-time permanent					
11.3	Other than full-time permanent					
11.5	Other personnel compensation					
11.9	Total personnel compensation					
12.1	Civilian personnel benefits					
13.0	Benefits for former personnel					
21.0	Travel and transportation of persons					
22.0	Transportation of things					
23.1	Rental payments to GSA					
23.2	Rental payments to others					
23.3	Communications, utilities and miscellaneous charges					
24.0	Printing and reproduction					
25.0	Other services					
26.0	Supplies and materials					
31.0	Equipment					
41.0	Grants	\$386,385	\$379,146	\$360,550	\$419,250	\$58,700
99.0	Subtotal Direct Obligations	386,385	379,146	360,550	419,250	58,700
99.0	Reimbursable Obligations	17,015	950	500	500	0
99.9	TOTAL OBLIGATIONS	403,400	380,096	361,050	419,750	58,700

**Department of Commerce**  
**Economic Development Administration**  
**APPROPRIATION SUMMARY STATEMENT**

**Appropriation: Economic Development Assistance Programs**

EDA provides a broad range of economic development investments in a variety of geographical areas. Criteria for eligibility relate to such general indicators of distress as substantial and persistent unemployment levels, low incomes, and slow job growth. A number of additional, more specialized criteria may also qualify an area for assistance. Eligibility for assistance may also be based on a determination by the Secretary that a special need for adjustment assistance exists. This need can result from sudden and severe economic dislocation, such as base closures or natural disaster, or from a long-term loss of economic activity. EDA's Technical Assistance and Research projects are not limited to eligible areas.

The basic purpose of EDA programs is to stimulate employment and increase incomes in subnational areas that are characterized by underutilized resources which, if put to productive use, can contribute to greater national productivity and balanced national economic growth. The structural economic problems of various geographic areas, though having distinct characteristics, are interrelated. Thus an effective Federal economic development program must transcend the conventional conceptions of urban and rural development by addressing all geographic areas within a framework of national priorities and resources.

The authorizing legislation provides for a broad range of specific program tools which the Agency can utilize individually or in combination to meet the specific needs of individual distressed communities. EDA provides public works and development facilities grants in particular areas to leverage investments that will create new, permanent jobs in distressed areas. EDA also provides grants for economic development planning purposes and technical assistance, economic adjustment grants to help areas address structural economic change, and supports a range of evaluation and research activities aimed at increasing public understanding of the processes of economic growth and development.

1. Public Works and Economic Development Facilities investments are for the construction or expansion of community infrastructure and development facilities conducive to the location of industrial and commercial enterprises and the creation of additional long-term employment opportunities. Typical projects include water and sewer systems which support economic growth, industrial parks, technology infrastructure, access roads, incubator facilities, expansion of harbor and airport facilities, and skill training facilities.
2. Planning investments encourage and support local development organizations by providing funding for professional planning staff and related services. The planning grants programs include administrative support for Districts and individual distressed areas, including Indian Reservations, and economic development planning assistance to states and cities.

3. Technical Assistance grants support provision of technical information and expertise to help assure the success of economic development investments; innovative demonstration projects; institutions that directly/indirectly provide information and expertise to local and regional economic development groups and organizations; and feasibility studies and other site-related projects.
4. Research, Evaluation, and Demonstration grants provide information useful to Regional, State and local practitioners in the economic development field. Through the use of EDA staff or outside contractors, EDA periodically evaluates the impacts of its various programs as a means of identifying policy and program modifications that will increase the Agency's effectiveness.
5. Trade Adjustment Assistance Program investments in the Trade Adjustment Assistance Centers (TAACs) help small to medium U.S. manufacturing firms injured by increased imports of competitive products.
6. Economic Adjustment Assistance investments help areas resolve problems related to actual or threatened sudden and severe disruption or long-term deterioration of a local economy. Under this program, States, cities, counties, Indian tribes and other combinations of areas can receive grant assistance to assess the dislocation and to develop and implement economic adjustment plans. Economic Adjustment funds can be used for construction of public facilities, public services, business development assistance, planning, technical assistance and revolving loan funds.
7. Defense Economic Adjustment specifically assists communities impacted by planned Department of Defense base closures and procurement reductions as well as Department of Energy defense facility reductions through projects funded under all EDA authorities.

In FY 2001, EDA will continue to concentrate its resources in areas characterized by high unemployment, low growth rate, loss of jobs, out migration, defense conversion, and long-term economic deterioration. EDA will concentrate on projects which are expected to lead to substantial private investment and permanent employment opportunities, especially for residents of the target areas.

**Department of Commerce  
Economic Development Administration  
Economic Development Assistance Programs  
APPROPRIATION LANGUAGE AND CODE CITATIONS**

For grants for economic development assistance as provided by the Public Works and Economic Development Act of 1965, as amended, and for trade adjustment assistance, to be made available until expended.

42 U.S.C. 3121

42 U.S.C. 3121-Assistance should be made available to both rural and urban distressed communities; local communities should work in partnership with neighboring communities, the States, and the Federal Government to increase their capacity to develop and implement comprehensive economic development strategies to address existing, or deter impending, economic distress; and whether suffering from long-term distress or a sudden dislocation, distressed communities should be encouraged to take advantage of the development opportunities afforded by technological innovation and expanding and newly opened global markets.

42 U.S.C. 3141

42 U.S.C. 3141-The Secretary is authorized to make grants for acquisition or development of land and improvements for use for a public works, public service, or development facility; and acquisition, design and engineering, construction, rehabilitation, alteration, expansion, or improvement of such a facility, including related machinery and equipment.

42 U.S.C. 3143

42 U.S.C. 3143-The Secretary is authorized to make grants to pay the costs of economic development planning and the administrative expenses of organizations that carry out the planning.

42 U.S.C. 3145

42 U.S.C. 3145-The Secretary is authorized to make a supplementary grant for a project for which eligible recipients are eligible but, because of the eligible recipient's economic situation, for which the eligible recipient cannot provide the required non-Federal share to be used in designated Federal grant programs and direct grants authorized under this title.

42 U.S.C. 3147

42 U.S.C. 3147-The Secretary may make grants for training, research, and technical assistance, including grants for program evaluation and economic impact analyses, that would be useful in alleviating or preventing conditions of excessive unemployment or underemployment to be used for any of the following: project planning and feasibility studies; demonstrations of innovative activities or strategic economic development investments; management and operational assistance; establishment of university centers; establishment of business outreach centers; studies evaluating the needs of, and development potential for, economic growth of areas that the Secretary determines have substantial need for the assistance; and other activities determined by the Secretary to be appropriate.

42 U.S.C. 3149

42 U.S.C. 3149- The Secretary may make grants for development of public facilities, public services, business development (including funding of a revolving loan fund), planning, technical assistance, training, and any other assistance to alleviate long-term economic deterioration and sudden and severe economic dislocation and further the economic adjustment objectives of this title.

42 U.S.C. 3171

42 U.S.C. 3171- The Secretary may designate appropriate economic development districts in the United States, with the concurrence of the States in which the districts will be wholly or partially located.

42 U.S.C. 3173

42 U.S.C. 3173- Subject to other non-Federal share requirements in Pub. Law 105-393, the Secretary may increase the amount of grant assistance for a project in an economic development district by an amount that does not exceed 10 percent of the cost of the project, in accordance with such regulations as the Secretary shall promulgate, if the project applicant is actively participating in the economic development activities of the district, and the project is consistent with the comprehensive economic development strategy of the district.

42 U.S.C. 3231

42 U.S.C. 3231- Authorizes funds to be appropriated to carry out Pub. Law 105-393 through fiscal year 2003, to remain available until expended.

42 U.S.C. 3232

42 U.S.C. 3232-In addition to amounts made available under section 3231, funds are authorized to be appropriated as are necessary to carry out section 3149(c)(1), (military base closures or realignments, defense contractor reductions in force, or Department of Energy defense-related funding reductions) to remain available until expended and such funds may be used for activities including pilot projects for privatization of, and economic development activities for, closed or realigned military or Department of Energy installations.

42 U.S.C. 3233

42 U.S.C. 3233-In addition to amounts made available under section 3231, funds are authorized to be appropriated as are necessary to carry out section 3149(c)(2), (disasters or emergencies, in areas with respect to which a major disaster or emergency has been declared under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), for post- disaster economic recovery) to remain available until expended.

**Department of Commerce**  
**Economic Development Administration**  
**Salaries and Expenses**  
**SUMMARY OF RESOURCE REQUIREMENTS**  
(Dollar amounts in thousands)

<u>Page No.:</u>		<u>FTE</u>	<u>BUDGET</u> <u>AUTHORITY</u>	<u>DIRECT</u> <u>OBLIGATIONS</u>
	<b>Appropriation Available, FY 2000.</b> . . . . .	261	26,500	28,103
	Less: Obligations from prior year. . . . .	0	0	(1,603)
EDA-71	Plus: 2001 Adjustments to base . . . . .	<u>1</u>	<u>1,188</u>	<u>1,188</u>
	<b>2001 Base Request</b> . . . . .	<b>262</b>	<b>27,688</b>	<b>27,688</b>
	Plus 2001 program changes . . . . .	<u>0</u>	<u>0</u>	<u>0</u>
	<b>2001 Estimate</b> . . . . .	<b>262</b>	<b>27,688</b>	<b>27,688</b>

	COMPARISON BY ACTIVITY:		1999 Actual		2000 Currently Available		2001 Base		2001 Estimate		Increase/ (Decrease)	
			FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
	Salaries and expenses, direct	Pos./BA	261	\$25,645	265	\$26,500	265	\$27,688	265	\$27,688	0	\$0
		FTE/Obl.	249	27,031	261	28,103	262		262		0	0
	Adjustment to obligations:											
	Recoveries											
	Unobligated balance, start of year			(3,083)		(1,603)						
	Unobligated balance transferred											
	Unobligated balance, end of year			1,603								
	Unobligated balance expiring			94								
	Transfer from other accounts (-)			(1,684)								
	Transfer to other accounts (+)											
	<b>APPROPRIATION</b>		261	23,961	261	26,500	262	27,688	262	27,688	0	0

Department of Commerce  
Economic Development Administration  
Salaries and Expenses  
SUMMARY OF FINANCING  
(Dollar amounts in thousands)

	1999 Actual	2000 Currently Available	2001 Base	2001 Estimate	Increase/ (Decrease)
	Amount	Amount	Amount	Amount	Amount
<b>Total Obligations</b>	\$29,520	\$29,809	\$28,448	\$28,448	\$0
Financing:					0
Offsetting collections from:					0
Federal funds	(2,489)	(1,706)	(760)	(760)	0
Trust funds					0
Non-Federal sources					0
Recoveries					0
Unobligated balance, start-of-year	(3,083)	(1,603)			0
Unobligated balance transferred					0
Unobligated balance, end-of-year	1,603				0
Unobligated balance lapsing	94				0
<b>Budget Authority</b>	25,645	26,500	27,688	27,688	0
Transferred from other accounts	(1,684)				0
<b>Appropriation</b>	23,961	26,500	27,688	27,688	0



**Department of Commerce**  
**Economic Development Administration**  
**Salaries and Expenses**  
**SUMMARY OF ADJUSTMENTS TO BASE AND BUILT-IN CHANGES**  
**(Dollar amounts in thousands)**

	<u>FTE</u>	<u>Amount</u>
<b>TRANSFERS:</b>		
To: National Institute of Standards and Technology .....		(\$143)
General Administration Security .....		(59)
<b>ADJUSTMENTS:</b>		
Restoration of base .....		154
<b>OTHER CHANGES :</b>		
Annualization of 2000 pay raise .....		196
2001 pay raise .....		480
Payment to the Working Capital Fund .....		25
Full-year cost in 2001 of positions financed for part-year in 2000 .....	1	47
Within Grade step increases .....		155
Changes in compensable days. ....		(68)
Civil Service Retirement System (CSRS) .....		(45)
Federal Employees Retirement System (FERS) .....		57
Thrift Savings Plan .....		11
Federal Insurance Contribution Act (FICA) - OASDI .....		34
Health Insurance .....		73
Employees' Compensation Fund .....		(18)
Travel and transportation of persons:		
Per diem .....		44
Common Carrier .....		5
Rental payments to GSA .....		49
Printing and reproduction .....		5

Other Services:

Working Capital Fund .....		16
Commerce Administrative Management Systems (CAMS) .....		90
National Archives and Records Administration (NARA) .....		(1)
Executive Development and Leadership training. ....		40
General pricing level adjustment (Oth. services \$32k, Supplies \$4k & Equip. \$5k) .....	<u>      </u>	<u>41</u>
Subtotal, other changes .....	<u>1</u>	<u>1,236</u>
Total, adjustments to base .....	1	1,188

**Department of Commerce**  
**Economic Development Administration**  
**Salaries and Expenses**  
**JUSTIFICATION OF ADJUSTMENTS TO BASE AND BUILT-IN CHANGES**  
**(Dollar amounts in thousands)**

	<u>FTE</u>	<u>Amount</u>
<b>TRANSFERS:</b>		
To: National Institute of Standards and Technology .....	0	(\$143)
The administrative grants accounting operations functions are transferred from the "Salaries and Expenses", Economic Development Administration, to "Scientific and Technical Research and Services", National Institute of Standards and Technology. This will decrease cost of \$143,000.		
To: General Administration .....	0	(59)
The Commerce Security Office functions are transferred from the "Salaries and Expenses", Economic Development Administration, to the General Administration Security account. This decrease of \$59,000 is required.		
<b>ADJUSTMENTS:</b>		
Restoration of base level .....	0	154
To continue funding at the FY 2000 operating level an additional \$154,000 is required to restore the base level.		
<b>OTHER CHANGES:</b>		
<u>Pay raises</u> .....	0	701
<b>2000 Pay Raise:</b>		
A pay raise of 4.8 percent is effective January 2000.		
Total cost in 2001 of 2000 pay increase .....	\$782	
Less amount funded in 2000 .....	(586)	
Less amount absorbed .....	<u>0</u>	
Amount requested in 2001 of 2000 pay increase .....	196	

# JUSTIFICATION OF ADJUSTMENTS TO BASE AND BUILT-IN CHANGES

(Dollar amounts in thousands)

## 2001 Pay Increase and Related Costs:

A general pay raise of 3.7 percent is assumed to be effective January 1, 2001.

Total cost in 2001 of pay increase .....	\$480
Less amount absorbed .....	<u>0</u>
Amount requested for 2001 pay increase .....	480
Payment to Working Capital Fund .....	<u>25</u>
Total, adjustment for 2001 pay increase .....	505

## Full-year cost in 19BY of positions financed for part-year in 19CY .....

1

47

An increase of \$46,543 is required to fund the full-year cost in 2001 of positions financed for part-year in 2000.

The computation follows:

Annual salary of new positions in 2000 .....	\$177,973
Less 5 percent lapse .....	<u>(8,899)</u>
Full-year cost of personnel compensation .....	169,074
Less personnel compensation in 2001 .....	<u>(132,970)</u>
Cost of personnel compensation in 2001 .....	36,104
Adjustment for 2001 pay raise (.039 x .75 x 35,459) .....	<u>1,056</u>
Amount required for personnel compensation .....	37,160
Benefits .....	<u>9,383</u>
Total adjustment-to-base .....	46,543

## Within-grade step increases .....

0

155

An increase of \$155,594 is required to cover the cost of within-grade step increases. This estimate reflects the net cost of step increases which will be earned.

Estimated number of within-grade step increases .....	100
Step increases not earned due to turnover (100 x 6.5%) .....	7
Average step above step one per separation .....	4
Average cost per within-grade step increase .....	1,894
Gross cost of scheduled step increases (\$1,894 x 100) .....	189,400
Less savings due to separation (\$1,894 x 7 x 4) .....	<u>(53,032)</u>
Subtotal, personnel compensation .....	136,368
Benefits .....	<u>19,226</u>
Total, adjustment to base .....	155,594

# JUSTIFICATION OF ADJUSTMENTS TO BASE AND BUILT-IN CHANGES

(Dollar amounts in thousands)

<u>Changes in Compensable Days</u> .....	0	(68)
--	---	------

The decreased cost of one less compensable day in 2001 compared to 2000 is calculated by dividing the 2000 estimated personnel compensation (\$15,119,000) and applicable benefits (\$2,607,000) by 261 compensable days. The cost decrease of one compensable day is \$67,916.

<u>Civil Service Retirement System (CSRS)</u> .....	0	(45)
---	---	------

The estimated percentage of payroll for employees covered by CSRS will decrease from 64.5% in 2000 to 61.0% in 2001 for regular employees. Contribution rates will remain 8.51% in 2001. This will result in an decrease of \$45,032 in the cost of CSRS contributions.

FY 2001 cost: \$15,119,000 x .610 x .0851 .....	\$784,842
FY 2000 cost: \$15,119,000 x .645 x .0851 .....	<u>829,874</u>
Total, adjustment to base .....	45,032

<u>Federal Employees Retirement System (FERS)</u> .....	0	57
---	---	----

The estimated percentage of payroll for employees covered by FERS will increase from 35.5% in 2000 to 39.0% in 2001 for regular employees. The contribution rate for regular employees will remain at 10.7% in 2001.

FY 2001 cost: \$15,119,000 x .390 x .1070 .....	\$630,916
FY 2000 cost: \$15,119,000 x .355 x .1070 .....	<u>574,295</u>
Total, adjustment to base .....	56,621

<u>Thrift Savings Plan (TSP)</u> .....	0	11
--	---	----

The cost of agency contributions to the Thrift Savings Plan will raise as FERS participation increases. The contribution rate is expected to remain at 2%.

FY 2001 cost: \$15,119,000 x .390 x .02 .....	\$117,928
FY 2000 cost: \$15,119,000 x .355 x .02 .....	<u>107,345</u>
Total, adjustment to base .....	10,583

# JUSTIFICATION OF ADJUSTMENTS TO BASE AND BUILT-IN CHANGES

(Dollar amounts in thousands)

	<u>FTE</u>	<u>Amount</u>												
<u>Federal Insurance Contribution Act (FICA)</u>	0	34												
<p>The percentage of payroll covered by FERS will increase. In addition, the maximum salary subject to OASDI tax will increase from \$73,275 in 2000 to \$78,450 in 2001 resulting in an increase in OASDI contributions. The OASDI rate will remain at 6.2% in 2001.</p> <p>Regular:</p> <table><tr><td>FY 2001 cost: \$15,119,000 x .390 x .062 x .953 .....</td><td>\$348,395</td></tr><tr><td>FY 2000 cost: \$15,119,000 x .355 x .062 x .944 .....</td><td><u>314,134</u></td></tr><tr><td>Total, adjustment to base .....</td><td>34,261</td></tr></table> <p>Other Salaries:</p> <table><tr><td>FY 2001 cost: \$10,000 x .390 x .062 x .953 .....</td><td>230</td></tr><tr><td>FY 2000 cost: \$10,000 x .355 x .062 x .944 .....</td><td><u>208</u></td></tr><tr><td>Total, adjustment to base .....</td><td>22</td></tr></table>			FY 2001 cost: \$15,119,000 x .390 x .062 x .953 .....	\$348,395	FY 2000 cost: \$15,119,000 x .355 x .062 x .944 .....	<u>314,134</u>	Total, adjustment to base .....	34,261	FY 2001 cost: \$10,000 x .390 x .062 x .953 .....	230	FY 2000 cost: \$10,000 x .355 x .062 x .944 .....	<u>208</u>	Total, adjustment to base .....	22
FY 2001 cost: \$15,119,000 x .390 x .062 x .953 .....	\$348,395													
FY 2000 cost: \$15,119,000 x .355 x .062 x .944 .....	<u>314,134</u>													
Total, adjustment to base .....	34,261													
FY 2001 cost: \$10,000 x .390 x .062 x .953 .....	230													
FY 2000 cost: \$10,000 x .355 x .062 x .944 .....	<u>208</u>													
Total, adjustment to base .....	22													
<u>Health insurance</u> .....	0	73												
<p>Effective January 1999, EDA's contributions to Federal employees' health insurance premiums increase an average of 11.5%. Applied against the 2000 estimate of \$632,000 the increase required is \$72,680.</p>														
<u>Employees' Compensation Fund</u> .....	0	(18)												
<p>The Employees' Compensation Fund for the year ending June 30, 1999 is \$18,000 lower than the bill for the year ending June 30, 1998. The charges will be reimbursed to the Department of Labor pursuant to 5 U.S.C. 8147.</p>														
<u>Travel and transportation of persons</u> .....	0	49												
<p><u>Per diem</u>: Effective January 1, 1999, the General Services Administration raised per diem rates. This results in a 5.2% increase to EDA. This percentage was applied to the 2000 estimate of \$841,000 resulting in an increase of \$43,732.</p> <p><u>Common Carrier</u>: Effective January 1, 2000, an additional cost of \$5,000 is anticipated for airline ticket purchases.</p>														

# JUSTIFICATION OF ADJUSTMENTS TO BASE AND BUILT-IN CHANGES

(Dollar amounts in thousands)

	<u>FTE</u>	<u>Amount</u>
<u>Rental payments to GSA</u>	0	49
<p>The Office of National Programs has provided a preliminary estimated increase of 2.1% over the 2000 cost of \$2,338,000 for currently occupied space. This results in an increase of \$49,098.</p>		
<u>Printing and reproduction</u> .....	0	5
<p>GPO has provided an estimated rate increase of 3.3 percent. This percentage was applied to the FY 2000 estimate of 1,444,000 to arrive at an increase of \$4,752.</p>		
<u>Other services</u> .....	0	146
<p><u>Working Capital Fund:</u> An increase of \$16,000 is required to fund increases in the Departmental Working Capital Fund to maintain the current level of services.</p>		
<p><u>Commerce Administrative Management System (CAMS):</u> An increase of \$90,000 is required for bureau participation in the Department-wide CAMS.</p>		
<p><u>Executive Development and Leadership training:</u> Consistent with the Department's SES plan, \$5,000 for eight currently on-board SES positions is provided. This results in an increase of \$40,000.</p>		
<u>National Archives and Records Administration (NARA) storage costs</u> .....	0	(1)
<p>In FY 2001, NARA estimates reflect a decrease of \$1,220 for records storage and maintenance costs.</p>		
<u>General pricing adjustment</u> .....	0	41
<p>This request applies OMB economic assumptions for 2001 to subobject classes where the prices that the Government pays are established through the market system. Factors are applied to other services (\$31,500); supplies and materials (\$4,140), and equipment (\$4,650).</p>		
TOTAL, ADJUSTMENTS TO BASE .....	1	\$1,188

**Department of Commerce  
Economic Development Administration  
Salaries and Expenses  
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

**Activity: Economic Development Administration Program**

**Subactivity: Executive Direction**

**Goals and Objectives**

**Goals:** To manage the Agency effectively and efficiently in achieving the objectives of this Administration, the Secretary of Commerce and Congress.

**Objectives:** To provide essential policy guidance and management to ensure program effectiveness and the maximum utilization of all funds.

**Base Program**

This activity consists of the Assistant Secretary who directs the Agency's programs and is responsible for the conduct of all economic development activities, including overall direction and coordination of the regional offices of EDA, subject to the policies and directives prescribed by the Secretary of Commerce. The Chief Counsel renders legal services to the Assistant Secretary and staff of EDA. The Chief Counsel also has primary responsibility for the preparation, coordination and clearance of all legislation, regulations and external orders.



**Department of Commerce**  
**Economic Development Administration**  
**Salaries and Expenses**  
**JUSTIFICATION OF PROGRAM AND PERFORMANCE**

**Activity: Economic Development Administration Program**

**Subactivity: Finance and Administration**

**Goals and Objectives**

**Goals:** To provide comprehensive administrative, financial budgetary functions and ADP support to all EDA components.

**Objectives:** To assist EDA components in the execution of their programs and the development and monitoring of an effective budget and fiscal system consistent with the intent of the Administration, the Secretary of Commerce, the Office of Management and Budget, and the Congress.

**Base Program**

The Chief Financial Officer serves as the Internal Control Coordinator, EEO Officer, Senior Official for Information Resource Management and Procurement responsible for coordinating and evaluating internal financial management control systems; provides for the full range of administrative services (human resources, personnel, awards, and training), unless otherwise provided at the Departmental level, for EDA headquarters and, as required, for the Regional Offices; serves as liaison with the Department's Chief Financial Officer and the Assistant Secretary for Administration; and conducts the administration of EDA loans and guarantees requiring servicing, and develops and implements policies, standards, and procedures for collecting or taking other actions to resolve debts arising from grants made by EDA pursuant to statutory authority.

The Accounting staff develops and maintains accounting systems and prepares financial reports for internal and external use, according to the needs of management, the requirements of laws or regulations and established policies; provides accounting support for effective control of all funds administered to accurately present the status of all funds and authority within the requirements of the Anti-Deficiency Act and as required by the Budget Officer; analyzes financial and operating data to ensure that financial and management policies are being followed; and serves as the liaison with the Office of the Secretary and other Federal agencies in all accounting matters.

The Information Systems staff plans, develops, acquires, and coordinates the use of automatic data processing systems and equipment for EDA; provides data processing services, including the conduct of feasibility studies and the development of systems and programs for the application of automatic data processing techniques; develops and maintains a comprehensive information and data base system to meet specified requirements for budgetary, administrative, planning, operational, program management, and program evaluation purposes; and provides periodic and special summary reports on current optional trends and performance comparisons to planned goals.

The Liquidation staff conducts the orderly liquidation of EDA projects acquired at foreclosure or otherwise, to dispose of program assets to the best advantage of the Government; directs all liquidation activities concerning the care and protection of EDA's collateral and security position in EDA loans/guarantees; and requests the assistance of, and works with, EDA's Office of Chief Counsel and other Federal agencies toward the orderly liquidation of EDA loans/guarantees. This staff also conducts the loan administration of EDA loans and guarantees requiring servicing to sustain or restore EDA projects as viable operations, including modifications of existing loan/guarantee terms and conditions; analyzes and recommends for approval of denial modification actions to existing EDA loan/guarantee terms and conditions. Performs appropriate actions, such as restructuring, refinancing, obtaining new capital, or arranging for takeover by another organization when it is determined to be in the best interest of the Government; and oversees post-approval management of revolving loan fund projects. This staff also handles grant and contract "debt" cases.

The Budget staff, in concert with Agency and Departmental officials, develops and prepares the annual budget for EDA. The Budget Officer is responsible for the fiscal aspects of EDA programs and programs entrusted to other Federal agencies; reviews and monitors a fiscal control system for both program and administrative expenses consistent with the requirements of the Anti-Deficiency Act, which include, but not restricted to allotment of funds, operating budgets, employment limitations, and analyses of reports and resource proposals.

**Department of Commerce**  
**Economic Development Administration**  
**Salaries and Expenses**  
**JUSTIFICATION OF PROGRAM AND PERFORMANCE**

**Activity: Economic Development Administration Program**

**Subactivity: Office of Program Operations**

**Goals and Objectives**

**Goals:** Coordinate the Agency's economic development assistance programs at the national/regional level.

**Objectives:** To develop policies and procedures for the effective implementation of EDA programs; and to monitor the performance of previously approved projects to ensure completion in accordance with conditions stated in the grants and in law.

**Base Program**

The Deputy Assistant Secretary for Program Operations provides coordinated direction of headquarters activities related to economic adjustment, development facilities, planning, defense economic adjustment, and local technical assistance.

The Economic Adjustment Assistance staff coordinates and oversees the operation of the Economic Adjustment Program of PWEDA, including the capacity development and business aspects of defense adjustment assistance, disaster mitigation, response and economic recovery; develops policies and procedures for implementing these programs; and provides post-approval assistance, taking into account program and policy compliance and appropriate measures to correct non-compliance.

The Public Works staff coordinates and oversees the operation of the Public Works program of PWEDA; develops policies and procedures for implementing this program; and oversees post-approval management of all infrastructure investments including Economic Adjustment, Defense Economic Adjustment and post-disaster recovery construction projects.

The Planning and Development Assistance staff coordinates and oversees the Planning programs, including grants to states, cities, counties, districts, non-profit organizations, and Indian tribes; coordinates and oversees the operation of the Local Technical Assistance activities; and University Centers program; and provides grants to Trade Adjustment Assistance Centers (TAACs) to assist firms and communities adversely affected by imports; and directs the certification of firms as eligible to apply for technical assistance.

The Compliance Review staff conducts studies to assure that EDA assistance develops and expands job creation capacity rather than generate excess capacity; determines and recommends areas eligible for designation as economic development areas, as requested; coordinates all of EDA's environmental activities; develops agency procedures for complying with environmental legislation, regulations, and executive orders; serves as EDA's official under the provisions of the National Environmental Policy Act of 1969 (NEPA); establishes effective systems throughout EDA to obtain and monitor reports regarding the program of equality of opportunity and ensures compliance with Civil Rights Guidelines, Department and EDA Regulations; establishes report requirements to ensure equality of opportunity by participants in economic development programs, conducts on-site inspections, and receives, investigates, and adjusts complaints; evaluates EDA experience regarding the equal opportunity program from a project activity viewpoint; and establishes uniform equal opportunity standards and procedures to be followed in reviewing EDA projects.

A proposed Office of Community Economic Adjustment (OCEA), composed of current EDA staff, will address the impact of severe and sudden economic distress on the Nation's communities. The OCEA, modeled after DoD's Office of Economic Adjustment, will target those communities whose economy has undergone significant structural change caused by external factors such as trade or other factors, by providing "rapid response" planning and technical assistance to develop and implement comprehensive economic adjustment strategies.

**Department of Commerce**  
**Economic Development Administration**  
**Salaries and Expenses**  
**JUSTIFICATION OF PROGRAM AND PERFORMANCE**

**Activity: Economic Development Administration Program**

**Subactivity: Office of Congressional Liaison and Program Research & Evaluation**

**Goals and Objectives**

**Goals:** To provide coordinated direction of EDA activities related to program research, technical assistance, demonstrations and evaluation; performance measurement; strategic planning; and audit resolution.

**Objectives:** To develop policies and procedures related to strategic planning and program evaluation and effective implementation of research and technical assistance programs.

**Base Program**

The Deputy Assistant Secretary for Congressional Liaison and Program Research & Evaluation is responsible for managing EDA's strategic planning and performance measurement system, Research and Evaluation and National Technical Assistance programs, and audit resolution and tracking processes, including adherence to EDA policy and programmatic requirements, and serves as liaison to the Department's Office of Budget, Management and Information.

The National Technical Assistance and Research Division staff evaluates, integrates, and disseminates the results of EDA-sponsored research, evaluations and demonstration projects; conducts external and in-house research and analysis and provides technical assistance to increase the general understanding of local and regional economic development issues.

The Operations Review and Analysis staff provides technical assistance to EDA in the areas of agency-wide program and policy review, program performance measurement, and, as Audit Liaison, coordination with the Inspector General's staff on audit closeouts.

The Office of Communications and Congressional Liaison serves as the principal advisor to the Assistant Secretary on matters pertaining Congressional issues, is responsible for all internal and external informational communication activities, and provides for the central management of all Congressional/executive information maintenance and dissemination.

**Department of Commerce  
Economic Development Administration  
Salaries and Expenses  
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

**Activity: Economic Development Administration Program**

**Subactivity: Regional Operations**

**Goals and Objectives**

**Goals:** To provide, at the regional/local levels, coordinated program implementation, outreach and assistance to existing and potential grantees.

**Objectives:** To execute policies and procedures for the effective operation of all EDA programs and projects; to monitor the evolution of previously approved projects to ensure completion in accordance with conditions stated in the grants and in law; and to assist with audit closeouts.

**Base Program**

Regional operations include the six Regional Directors and their supporting technical, administrative and clerical personnel. Regional Directors are responsible for the implementation of EDA's programs within specific geographic areas and assist in the management of resources and the processing, monitoring and servicing of projects. Regional Counsels provide the legal reviews required to execute and administer regional project. The Public Works and Infrastructure Development, Planning and Technical Assistance and Economic Adjustment staffs review and process applications for economic development assistance and monitor and service approved projects at the local level. Economic Development Representatives provide outreach and assistance at the local level.

**Department of Commerce**  
**Economic Development Administration**  
**Salaries and Expenses**  
**SUMMARY OF REQUIREMENTS BY OBJECT CLASS**  
**(Dollar amounts in thousands)**

	<b>OBJECT CLASS</b>	<b>1999 ACTUAL</b>	<b>2000 CURRENTLY AVAILABLE</b>	<b>2001 BASE</b>	<b>2001 ESTIMATE</b>	<b>INCREASE/ (DECREASE)</b>
11	Personnel Compensation					
11.1	Full-time permanent	15,414	16,313	15,929	15,929	0
11.3	Other than full-time permanent	116	66	70	70	0
11.5	Other personnel compensation includes Lump Sum	351	210	210	210	0
11.9	Total personnel compensation	15,881	16,589	16,209	16,209	0
12.1	Civilian personnel benefits	3,159	3,688	3,656	3,656	0
13.0	Benefits for former personnel	0	0	0	0	0
21.0	Travel and transportation of persons	925	1,207	1,256	1,256	0
22.0	Transportation of things	26	32	32	32	0
23.1	Rental payments to GSA	2,075	2,338	2,387	2,387	0
23.2	Rental payments to others	96	18	18	18	0
23.3	Communications, utilities and miscellaneous charges	395	465	465	465	0
24.0	Printing and reproduction	135	144	149	149	0
25.2	Other services	865	458	439	439	0
25.3	Purchase of goods and services from Government Accounts	1,549	1,835	1,739	1,739	0
25.7	Operations and maintenance of equipment	1,001	743	743	743	0
26.0	Supplies and materials	433	276	280	280	0
31	Equipment	491	310	315	315	0
99.0	Subtotal Direct Obligations	27,031	28,103	27,688	27,688	0
99.0	Reimbursable Obligations	2,489	1,706	760	760	0
99.9	TOTAL OBLIGATIONS	29,520	29,809	28,448	28,448	0

**Department of Commerce**  
**Economic Development Administration**  
**Salaries and Expenses**  
**SUMMARY OF REQUIREMENTS BY OBJECT CLASS**  
**(Dollar amounts in thousands)**

<b>PERSONNEL DATA</b>	<b>1999 Actual</b>	<b>2000 Currently Available</b>	<b>2001 Base</b>	<b>2001 Estimate</b>	<b>Increase/ (Decrease)</b>
Full-Time Equivalent Employment:	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
Full-time permanent	261	267	268	268	0
Other than full-time permanent	1	1	1	1	0
<b>Total</b>	<b>262</b>	<b>268</b>	<b>269</b>	<b>269</b>	<b>0</b>
Authorized Positions:					
Full-time permanent	266	270	270	270	0
Other than full-time permanent	2	2	2	2	0
<b>Total</b>	<b>268</b>	<b>272</b>	<b>272</b>	<b>272</b>	<b>0</b>

Note: Full-time Equivalent Employment includes the following reimbursable FTE: 13 in 1999, 7 in 2000 and 7 in 2001.



**Department of Commerce**  
**Economic Development Administration**  
**Salaries and expenses**  
**DETAILED REQUIREMENTS BY OBJECT CLASS**  
**(Dollar amounts in thousands)**

Object Class		2001 Adjustment to Base	2001 Base	2001 Estimate	Increase/ (Decrease)
11	Personnel Compensation				
11.1	Full-time permanent:				
	Executive Level	\$5	\$128	\$128	0
	Senior Executive Service (SES)	47	1,065	1,065	0
	General Schedule	824	14,736	14,736	0
	Subtotal	876	15,929	15,929	0
11.3	Other than full-time permanent:				
	General schedule (part-time permanent)	4	70	70	0
11.5	Other personnel compensation:				
	Overtime	0	40	40	0
	SES performance awards	0	0	0	0
	Cash awards	0	170	170	0
	Subtotal	0	210	210	0
11.9	Total personnel compensation	880	16,209	16,209	0
12.1	Civilian personnel benefits:				
	Civil Service Retirement System and offset	(11)	919	919	0
	Federal Employees' Retirement System	91	692	692	0
	Thrift Savings Plan	18	324	324	0

Object Class		2001 Adjustment to Base	2001 Base	2001 Estimate	Increase/ (Decrease)
12.1	Civilian personnel benefits: (Cont'd)				
	OASDI	\$51	\$504	\$504	\$0
	Medicare	12	250	250	0
	Health insurance	75	707	707	0
	Life insurance	0	23	23	0
	Employees' Compensation Fund	(18)	178	178	0
	Cost of Living Allowance (COLA)	3	58	58	0
	Subtotal	221	3,656	3,656	0
13	Benefits for former personnel:				
	Severance pay	0	0	0	0
21	Travel and transportation of persons:				
	Common carrier	5	118	118	0
	Per diem/actual expenses	44	885	885	0
	Privately-owned vehicles	0	253	253	0
	Commercially-rent vehicles	0	0	0	0
	Other	0	0	0	0
	Subtotal	49	1,256	1,256	0
22	Transportation of things	0	32	32	0
23.1	Rental payments to GSA	49	2,387	2,387	0
23.2	Rental payments to others	0	18	18	0
23.3	Communications, utilities and miscellaneous charges:				
	Federal Telecommunications System	0	412	412	0
	Other telecommunications services	0	5	5	0
	Postal services by USPS	0	48	48	0
	Subtotal	0	465	465	0

Object Class		2001 Adjustment to Base	2001 Base	2001 Estimate	Increase/ (Decrease)
24	Printing and reproduction:				
	Envelopes	\$0	\$104	\$104	\$0
	Other (Payments to WCF)	5	45	45	0
	Subtotal	5	149	149	0
25.2	Other services:				
	Training:				
	SES Training	40	40	40	0
	Office of Personnel Management	0	20	20	0
	Other	0	207	207	0
	Maintenance of equipment	0	70	70	0
	Other non-Government contracts	31	102	102	0
	Other	0	0	0	0
	Subtotal	71	439	439	0
25.3	Purchases of goods and services from Government accounts	(43)	1,660	1,660	0
	CAMS (Bureau specific)	(53)	0	0	0
	CAMS (Bureau shared)	0	79	79	0
	Subtotal	(96)	1,739	1,739	0
25.7	Operation and maintenance of equipment	0	743	743	0
26	Supplies and materials:				
	Office supplies	2	122	122	0
	ADP supplies	2	82	82	0
	Other	0	76	76	0
	Subtotal	4	280	280	0
31	Equipment	5	315	315	0
99	Subtotal Direct Obligations	1,188	27,688	27,688	0
99	Reimbursable Obligations	0	760	760	0
100	TOTAL OBLIGATIONS (GROSS BA)	1,188	28,448	28,448	0

**Department of Commerce  
Economic Development Administration  
APPROPRIATION SUMMARY STATEMENT**

Appropriation: Salaries and Expenses

The Salaries and Expenses appropriation finances salaries, benefits and other expenses for personnel engaged in the administration of economic development assistance programs authorized by the Public Works and Economic Development Act of 1965, as amended. This appropriation also finances the costs of services provided to EDA by other Federal and non-Federal sources, and for other related direct and indirect administrative costs incurred in operating the Agency.

The funds requested support an economic development program which includes: (1) planning assistance to local communities; (2) technical assistance in the formulation and coordination of economic development proposals and applications; (3) financing of those grant projects with the greatest program pay-offs which meet the technical, financial and statutory requirements of the legislation; (4) project monitoring and implementation assistance to assure effectiveness in project execution; (5) evaluation of EDA projects to develop more effective ways to provide assistance; and (6) internal and external economic research designed to meet both planning and operating needs related to economic development.

The "Salaries and Expenses" appropriation is comprised of five major subactivities: 1) Executive Direction; 2) Office of Program Operations; 3) Office of Finance and Administration; 4) Regional Operations and; 5) Office of Congressional Liaison and Program Research and Evaluation. The Regional Operations subactivity is comprised of six regional offices and Economic Development Representatives (EDRs). The other four subactivities (Executive Direction, Office of Finance and Administration, Office of Program Operations and Office of Congressional Liaison and Program Research and Evaluation) positions are located in Washington.

**Department of Commerce  
Economic Development Administration  
Salaries and Expenses  
APPROPRIATION LANGUAGE AND CODE CITATIONS**

1. For necessary expenses of administering the economic development assistance programs as provided for by law,

42 U.S.C. 3214(c), 3219

42 U.S.C. 3214© - Authorizes the transfer of appropriated funds between department and agencies of the Government, if such funds are used for the purpose for which they are specifically authorized and appropriated.

42 U.S.C. 3219 - Authorizes the appropriation of such sums as may be necessary to carry out those provisions of the Public Works and Economic Development Act of 1965, as amended, for which specific authority is not otherwise provided.

2. Provided, That these funds may be used to monitor projects approved pursuant to title I of the Public Works Employment Act of 1976, as amended,

42 U.S.C. 6701

42 U.S.C. 6701 - Public Works Employment Act of 1976 authorizes the appropriation of such sums as may be necessary for the administration of this Act. This program provides funds for the monitoring and evaluation of projects funded under this local public works program.

3. Title II of the Trade Act of 1974, as amended,

19 U.S.C. 2346(b)

19 U.S.C. 2346(b) authorizes the appropriation of such sums as may be necessary to carry out these functions.

4. and the Community Emergency Drought Relief Act of 1977.

42 U.S.C. 5184

42 U.S.C. 5184 - Authorizes the appropriation of such sums as may be necessary to carry out those provisions of the Community Emergency Drought Relief Act of 1977.

**Department of Commerce**  
**Economic Development Administration**  
**Salaries and Expenses**  
**AVERAGE GRADE AND SALARIES**  
**(Dollar amounts in thousands)**

	1999 <u>Actual</u>	2000 <u>Estimate</u>	2001 <u>Estimate</u>
Average ES Grade .....	2.00	1.60	1.60
Average GS Grade .....	11.86	12.02	12.03
Average GS Salary .....	\$62,640	\$65,638	\$68,155